

Pitti Engineering Limited

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

www.pitti.in



25th July 2023

To,
BSE Ltd
Floor 25, P J Towers, Dalal Street
Mumbai – 400 001
Scrip Code: 513519

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400 051
Scrip Code: PITTIENG

Dear Sir,

Sub: Submission of Annual Report for the financial year 2022-23 along with Notice of the 39th Annual General Meeting

We are to inform you that the 39th Annual General Meeting (AGM) of the Company is scheduled to be held on Friday, 18th August 2023 at 4:00 P.M through Video Conferencing (VC) / Other Audio Visual Means (OAVM) in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, please find enclosed a copy of the Annual Report for the financial year 2022-23 (including Notice of the AGM to be held on 18th August 2023).

The copy of the Annual Report is also available on the company's website at <https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2023/PITTI%20AR%20full%2024%2007%2023.pdf>

We request you to take the same on record.

Thanking you.

Yours faithfully,

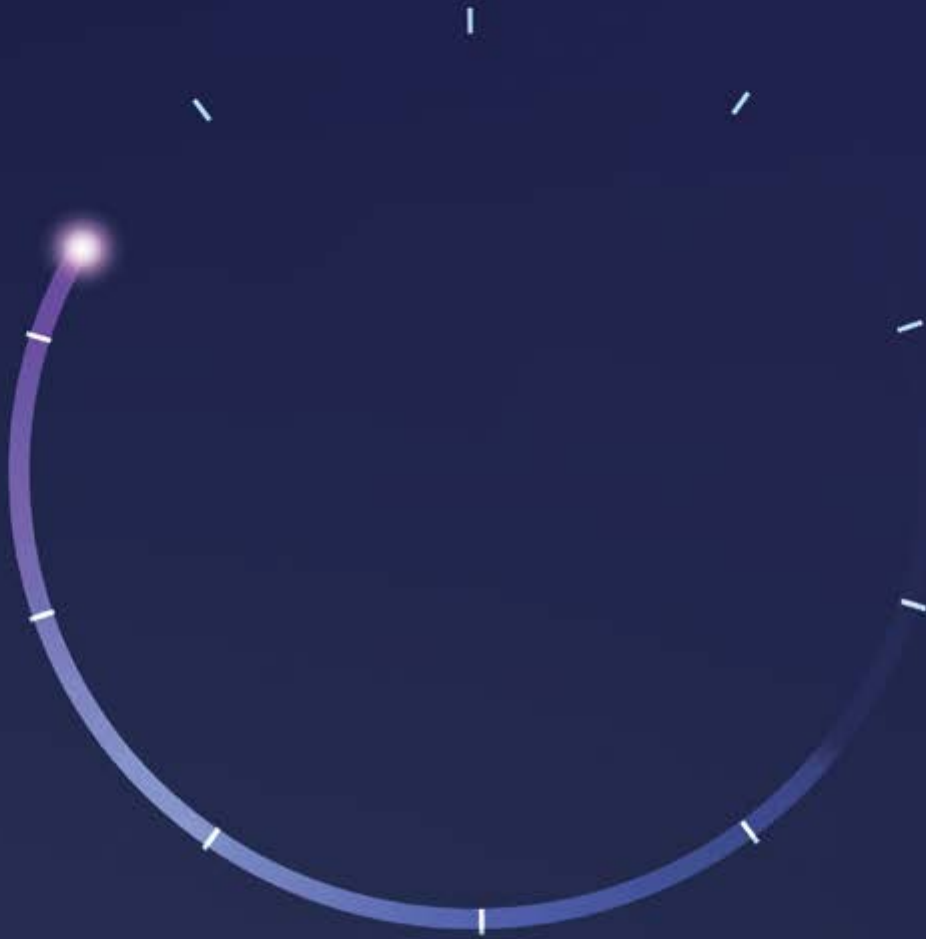
For Pitti Engineering Limited

Mary Monica Braganza
Company Secretary & Compliance Officer
FCS 5532

CIN: L29253TG1983PLC004141

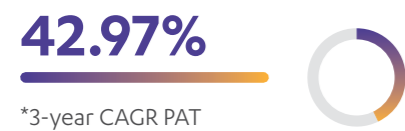
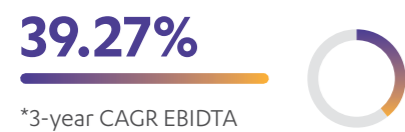
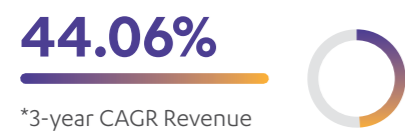
Registered Office

6-3-648/401, 4th Floor
Padmaja Landmark, Somajiguda
Hyderabad – 500 082
Telangana, India
T: +91 40 2331 2774 / 2331 2770
F: +91 40 2339 3985
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Knowledge
Progress
Impact

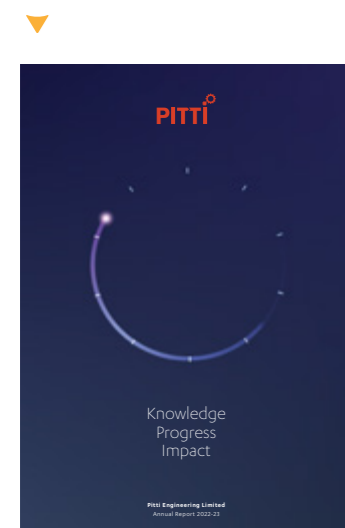
Being a distinct player with backward and forward integration capabilities, Pitti Engineering remains at the forefront of the electrical lamination industry to drive business growth.



(*3-year CAGR is calculated from FY 2020 to FY 2023)

About the cover

The cover design represents illuminating knowledge, fueling progress and inspiring impact.



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Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forwardlooking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forwardlooking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

At our core, we prioritise the pursuit of knowledge, which fuels our commitment to new product development.

By harnessing the collective expertise of our teams and fostering a culture of innovation, we continuously push the boundaries of our knowhow to manufacture innovative solutions for a diverse range of industries.

Our acquisition of knowledge and creating positive impact in the industry has strengthened our position as a comprehensive and end-to-end machine components solutions provider. We are building an integrated supply chain, ensuring highest quality standards at every stage.

Our financial and operational performance in FY23 reflects the strength of our business model and the trust and confidence bestowed upon us by our customers and all other stakeholders.

We remain steadfast in our pursuit of excellence, striving to achieve new milestones and fulfilling the expectations of all stakeholders.

Corporate Information

Board of Directors

Shri Sharad B Pitti

Chairman &
Managing Director

Shri Akshay S Pitti

Vice Chairman &
Managing Director

Ms. Gayathri Ramachandran

Non-Executive
Independent Director

Shri G Vijaya Kumar

Non-Executive
Independent Director

Shri M Gopalakrishna

Non-Executive
Independent Director

Shri N R Ganti

Non-Executive
Independent Director

Shri S Thiagarajan

Non-Executive
Independent Director

Shri M Pavan Kumar

Chief Financial Officer
(w.e.f 12th November 2022)

Ms. Mary Monica Braganza

Company Secretary &
Compliance Officer

Bankers

State Bank of India
Kotak Mahindra Bank Limited
Canara Bank
SVC Co-Operative Bank Limited
YES Bank Limited

Statutory Auditors

Talati & Talati LLP

Chartered Accountants
Ambica Chambers
Near Old High Court
Navrangpura
Ahmedabad - 380 009

Factory

Plant II

Survey No. 1837 & 1838
Jingoniguda Road
Nandigaon Village & Mandal
Ranga Reddy District – 509 223
Telangana, India

Plant IV

Survey No. 1837, Jingoniguda Road
Nandigaon Village & Mandal
Ranga Reddy District – 509 223
Telangana, India

Aurangabad

Gut No. 194, Limbe Jalgaon Village
Gangapur Mandal
Aurangabad District – 431 133
Maharashtra, India

Registered Office

6-3-648/401, IV Floor
Padmaja Landmark, Somajiguda
Hyderabad – 500 082
Telangana, India

Registrar and Transfer Agent

XL Softech Systems Limited
Plot No. 3, Sagar Society
Road No. 2, Banjara Hills
Hyderabad – 500 034

Board of Directors

Shri Sharad B Pitti

Chairman &
Managing Director

Shri Sharad B Pitti, founder of the Company is a visionary leader who pioneered lamination manufacturing in India. He has remained integral to the growth and success of the Company.

Shri M Gopalakrishna

Non-Executive
Independent Director

Shri M Gopalakrishna is a retired IAS officer who has held senior posts in the Government of Assam, Andhra Pradesh and Government of India. He also served in the Central & State level public sector undertakings and retired as Chairman and Managing Director of Rural Electrification Corporation. He has over five decades of Administrative and Managerial experience. He is the Chairman of the Company's Nomination and Remuneration Committee.

Shri Akshay S Pitti

Vice Chairman &
Managing Director

Shri Akshay S Pitti, started his entrepreneurial journey at an early age. With his extensive experience of serving in different roles within the organisation, he has gathered the expertise to efficiently lead the Company.

Shri N R Ganti

Non-Executive
Independent Director

Shri N R Ganti is a postgraduate in Business Administration and has rich experience in the field of finance and management. He had started his career in the field of banking with the State Bank of India and later took up management consultancy services.

Ms. Gayathri Ramachandran

Non-Executive
Independent Director

Ms. Gayathri Ramachandran, IAS (Retd.), has held prominent positions in the Ministries of Power, Petroleum, Chemical & Fertilisers and Civil Aviation. She has also served as a Special Chief Secretary to the Government of Andhra Pradesh. She is the Chairperson of the Company's Stakeholders Relationship Committee.

Shri S Thiagarajan

Non-Executive
Independent Director

Shri S Thiagarajan is a Chartered Accountant with vast experience in financial management and accounting roles. He was the Director (Finance) of NMDC and also served as a Board Member of various associates of NMDC. He is the Chairman of the Company's Audit Committee.

Shri G Vijaya Kumar

Non-Executive
Independent Director

Shri Gummalla Vijaya Kumar is a practicing Advocate at the High Court of Telangana and has also served as a Government Pleader for revenue for the United State of Andhra Pradesh. He is the Chairman of the Company's Risk Management Committee.

Pitti at a Glance

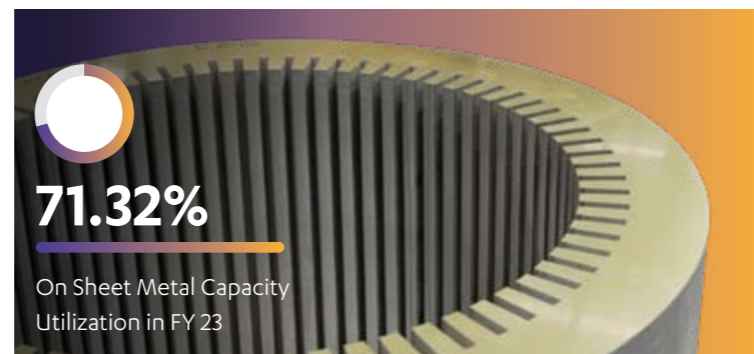
We specialize in the manufacture of value added motor/generator sub-assemblies and precision machined components for diverse sectors.

Our expertise in developing unique manufacturing processes and state of the art manufacturing facilities enable us to deliver top-notch products. With a strong presence in both domestic and international markets, we serve a wide range of industries, consistently meeting their unique requirements and exceeding expectations.

Sheet Metal

We are a trusted provider of sheet metal laminations. Our expertise lies in delivering high-quality and precise solutions for various applications. With our advanced capabilities and skilled team, we offer reliable services to meet the unique requirements of our clients.

Refer page 14 for more details



Precision Machining

Our manufacturing capabilities encompass a wide range of components, such as gear cases, axle boxes, suspension units, and more. With our expertise in machining stator cores, shafts, and ready-to-use rotors and stator frames, we ensure precision and deliver top-quality final products.

Refer page 14 for more details



Assemblies

We have extensive expertise in handling large-scale stator cores weighing up to 10 tonnes and measuring diameter 2300 mm and height 2000 mm. In addition, we excel in the assembly of copper-inserted and brazed ready-to-use rotors with shaft. Our capabilities also extend to manufacturing aluminum die-casted rotors ranging from 80 to 450 frame size. With our unwavering focus on precision and quality, these assemblies meet the highest standards and deliver optimal performance.

Refer page 14 for more details



Quick facts

4

Decades of existence

3

manufacturing facilities

One of the
Largest

Manufacturer and exporter of
electrical laminations from India

One of the
Leading

Supplier to all motor
manufacturers in India

50,200 MT

India's largest laminations
manufacturer

4,60,800

Machine Hours

Management's Perspective



Sharad B Pitti

Chairman & Managing Director

“

I'm pleased to share that our expansion efforts are right on track, and we are eagerly anticipating the installation of new machines and completion of this phase by end of FY24.



Akshay S Pitti

Vice Chairman & Managing Director

“

We continue to focus on building new and innovative products that cater to a wide range of downstream industries.

Dear Shareholders,

The fiscal year 2022-23 presented a dynamic economic landscape characterized by various challenges. Several macroeconomic headwinds such as elevated inflation and supply chain disruptions impeded the growth of the global economy.

Despite headwinds, FY23 was one of our best years in terms of performance and value creation. Our cash accruals were ₹ 103.48 crore. The capacity utilisation rate for the year stood at 71.32%. Net debt has been reduced from ₹ 290 crores to ₹ 225 crores. As a result, the debt-to-equity ratio is 0.87. In addition, our working capital cycle was also reduced, taking into account client credit and procurement requirements, thus bolstering our cash flow.

Knowledge

We employ specialised manufacturing techniques to create prototypes and assist our customers in reducing the time to market for innovative product ideas. We are also continuously searching for methods to increase our production efficiency, and we have recently implemented a number of automated technologies to assist us in this endeavour.

We have always relied on innovation to propel the Company forward. It is a never-ending adventure of growing better every day that we treasure. Innovation has been ingrained in our DNA since its inception, driving us to constantly seek new ideas and solutions. This relentless pursuit of improvement fuels our passion and ensures that we stay at the forefront of our industry.

We continue to focus on building new and innovative products that cater to a wide range of downstream industries to expand our value proposition and create long-term value for our customers throughout their operational processes. Through our focus

on development, we have successfully designed over 6200 laminations and numerous machine components.

Progress

In our 40 years of existence, we have steadily built a solid foundation for expansion and our manufacturing operations are at the core of our growth strategy. Our manufacturing operations have consistently delivered high-quality products, allowing us to establish a strong reputation in the industry. With this solid foundation, we are now well-positioned to explore new markets and seize opportunities for further growth.

In FY23, we made a significant capital expenditure of ₹ 107 crore, a testament to our commitment to enhancing our production capabilities. Out of the total approved capex of ₹ 467 crore, we have incurred ₹ 244 crore upto 31st March 2023 and the balance will be incurred as per our capex schedule.

We continue to focus on developing components for new products such as Pumped Hydro, Compact hydro power, marine generators and BLDC Motors that cater to a wide range of downstream industries and forayed into fabrication and machining to service diverse industries. In addition, development and approvals of our Railway business is progressing well.

Impact

Our strategic diversification in manufacturing capabilities has successfully broadened our market reach and strengthened our ability to meet the specific needs of our customers. In addition to maintaining consistent growth with our existing capacities, the upcoming facilities will generate substantial value creation. These advanced facilities are expected to bring about a notable decrease in overhead and direct labour costs, ultimately enhancing our cost efficiencies.

In parallel, our export order book is witnessing an unprecedented surge, surpassing all previous records in recent history, potentially even the past decade. This remarkable growth is primarily attributed to the railways and the mining industry. These sectors are presently undergoing substantial transformation, modernisation, and upgradation initiatives.

Additionally, due to robust order flows from both international and domestic markets, our sales for FY23 amounted to 36297 MT, resulting in ₹ 747.48 crores domestic revenue and ₹ 370.51 crores export revenue, setting a new record for profitability.

Given this favourable market environment, we foresee a consistent and substantial increase in orders for our export business in the foreseeable future. The strong demand we are experiencing in these regions reflects the continuous progress in the industry and the growing requirement for state-of-the-art solutions.

Emerging Opportunities

The government's initiative to fortify the nation's infrastructure has led to a substantial increase of 37.40% in capital expenditure as per Union Budget 2023-24.

The railway infrastructure sector has received a substantial allocation of ₹ 2.41 trillion, with a focus on the development of the Vande Bharat Express 2.0 with further enhancements. The government intends to improve the cargo loading capacity of Indian Railways to 3,000 million tonnes by 2027, with the Dedicated Freight Corridor playing a vital role in realizing this objective.

In line with the nation's ambitious goal of achieving net zero emissions by 2070, the government has announced several key measures to support the electric vehicles (EVs) industry. The Indian government is also enthusiastic about this sector and is creating demand for EVs through the Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles (FAME) scheme. These present more business opportunities for us.

Renewable energy sources such as wind power, hydroelectricity, and pumped hydro storage, are gaining momentum, with a notable increase in adoption and investment. Additionally, the industrial power requirements are also witnessing strong growth.

Our expertise and commitment to sustainability enable us to make a valuable contribution to the renewable energy landscape, strengthening our position in this thriving industry. This presents substantial opportunities for us to engage

in the green energy sector to capitalise on the expanding market.

The implementation of energy conservation norms IE-3 for electrical motors has also thrown open the door of a huge replacement market for the Company.

The Indian economy's growth prospects are encouraging, supported by favourable conditions, government policies, and increased budgetary allocations. Strong play of 'China-plus-one' in machined components contribute to growth of our Machining business. These factors are expected to bolster the development of robust railway systems, enhanced connectivity, efficient mobility of goods and people as well as job creation, and acting as long-term tailwinds for our business growth.

Way Forward

I am pleased to share that our expansion efforts are right on track, and we are eagerly anticipating the installation of new machines and the completion of this phase by the end of FY24. Looking ahead, the demand outlook for FY24 remains highly promising, particularly in key segments such as railways and power generation. Additionally, we are excited about the new business opportunities that lie ahead, particularly in automotive, power generation and railways, which are expected to significantly contribute to our growth starting this year. Our order book forecast is a testament to our positive trajectory, standing strong at an impressive ₹ 823 crore.

In conclusion, we would like to thank all our stakeholders and the Board, for their continued support and being part of our journey of growth. We look forward to another exciting year ahead.

Warm Regards,

Sharad B Pitti

Chairman & Managing Director

Akshay S Pitti

Vice Chairman & Managing Director

Creating Value with Agility

Inputs

Manufacturing & Financial Capital

| | |
|--|-------------------------------------|
| 50,200 MT Installed Capacity | 4,60,800 Machine hours |
| 978.01 crore Total assets | 334.09 crore Total Equity |

Intellectual & Human Capital

| | |
|---|---|
| 40 years of Industry experience | 1,331 Employees |
| 6,216 Products developed | 643 professionals, engineers, postgraduates, graduates, and diploma holders |

Social & Relationship Capital

| | |
|-------------------------------|---------------------------------|
| 615 Vendors | 85 Customers |
| 26,757 Shareholders | 11 Countries Exported |

Value Creation Process



Stakeholders Impacted



Outputs

| | |
|--|---|
| 36,297 MT Sales | 3,42,488 Machining Hours utilised |
| ₹ 1117.98 crores Revenue | ₹ 151.39 crores EBITDA |
| ₹ 58.83 crores PAT | ₹ 0.22 crores spend on 5 CSR Projects |
| 54% Dividend per Equity Share | 17.10% RoCE |
| 1.8 MWh Renewal Energy Generated | 4.8 Acres Afforestation undertaken |
| 75 Training Programmes | 211+ New Products |

Outcomes

- Recognised manufacturing units with global accreditations
- Highly automated to drive economies of scale
- Sustained investments in business with healthy accruals
- Robust cash flow
- Ensuring operational excellence
- Culture of Innovation
- Safe, fair and healthy workplace
- Personal and professional growth opportunities
- Consistent growth in shareholder value
- 457 long-serving employees (>5years)
- Award Winning Company



Knowledge
Progress
Impact

We are never satisfied with the status quo. Challenging conventional wisdom, enhancing capabilities, and seeking new opportunities of growth remain our forte. Our knowledge creates positive impact, which in turn drives our progress and value creation.

Knowledge

The depth and breadth of the knowledge that we have built over the years are reflected in the best-in-class technologies that we implement in our processes such as robotics or tooling technology, among many others.

Our certifications, software capabilities for process design, tool design, CNC machining and process simulation, along with diverse products range together reaffirm our knowledge prowess and thought leadership.

ISO 9001-2015 & 14001-2015, Integrated Management system. (For quality systems and environment management systems)

IATF-16949 - International Automotive Task Force certification for Automobile products.

Welding Certifications - EN15085 Welding of Railway Vehicles and Components

TPG Certifications - Transportation power generation certification

- Welding – SAW, SMAW, GMAW, GTAW
- Castings
- NDT – UT, MPI, RT

Innovation has always been the fuel to drive progress at Pitti. It is a never-ending journey of getting better every day, which we cherish so deeply.

We are committed to providing our customers with the highest quality products and services. We have a strong engineering value chain that is supported by state-of-the-art production facilities and innovative methods. We use specialized manufacturing processes to generate prototypes and help our customers minimize time to market for their new product ideas. We are also constantly looking for ways to improve our manufacturing efficiency, and we have recently introduced many automation technologies to help us achieve this goal. We are confident that our commitment to excellence will continue to drive our success in the years to come.



Some Innovative Capabilities

Sheet Metal

Lamination punching from **0.35 mm to 3mm** thickness

Laser cut of steel stampings with thickness ranging from **0.35 mm to 25 mm**

Re-varnishing or recoating of insulation layer **0.005 mm** to meet special requirements of hydro and thermal generators

5795 variety of laminations developed for motors and generators till date.

Capability to produce Diameter 14MM to Diameter **1357MM size** used in 20+ end user industries

Precision Machining

Machining of stator cores & rotor cores with outer diameter ranging from **400 mm to 2000 mm**

Capability to manufacture shaft up to **900 mm diameter** and **3 meters** length

Precision machined casted parts (up to **4,000 kgs** in assembled condition)

5 Axis CNC machines up to **1,600 mm X 1,600 mm** travel for complex machining parts

Assemblies

Motor and Generator Core Assemblies upto diameter **2000 mm**

Large die cast rotors up to diameter **550 mm** and core length of **980 mm** and with aluminium weight up to **120 kgs**

Products Under Development

1

Large Fabricated Assemblies and Machining for Mining applications for Dumper Trucks – **150 Tons to 400 Tons** (Wheel Hub, Support Seals, Flywheel)

2

Large Wind Generator products for more than **6 MW** and off-shore machines.

3

Large die cast rotors upto diam. **550 mm** and **1000** length and **150 kgs**. AL.

4

EV motors for HT applications. EV motors with **Over moulding features**.

Industries We Serve



Appliances



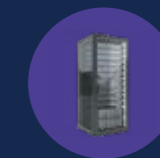
Automotive



Cement



Construction



Data Centres



DG Set



Electric Vehicle Motor



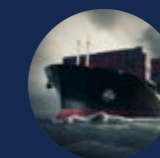
Freight Rail



Hydro Generator



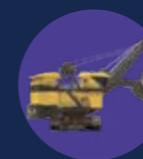
Lift Irrigation



Marine



Medical Equipment



Mining



Mass urban Transport



Other Industries



Pumps



Passenger Rail



Steel



Sugar



Thermal Power



Wind Mill Generator



Wind Mills

Progress

Our experience spans 40 years and in all these years we have gradually built a solid foundation for growth. We have emerged as one of the largest manufacturer and exporter of electrical laminations from India.

We are focused on manufacturing value-added and assembled components for several downstream industries nationally and internationally, where the demand for precision and quality are paramount. Therefore, at Pitti, we are committed to engineering excellence every step of the way.

Key factors highlighting Pitti's exceptional process capabilities are as follow:

High customer satisfaction
ratings

Low defect Rate less than 500ppm

Enhanced productivity and output
through automated processes

Efficient production of laminations across a wide range of sizes

On time delivery more than 99%

Our tools and dies employ cutting edge technologies, we use fully automated core manufacturing machines, incorporate robotic welding in our manufacturing process. Coupled with state of the art meteorology equipment and stringent quality monitoring systems ensures that our process capability are exceptional, consistently delivering outstanding results.



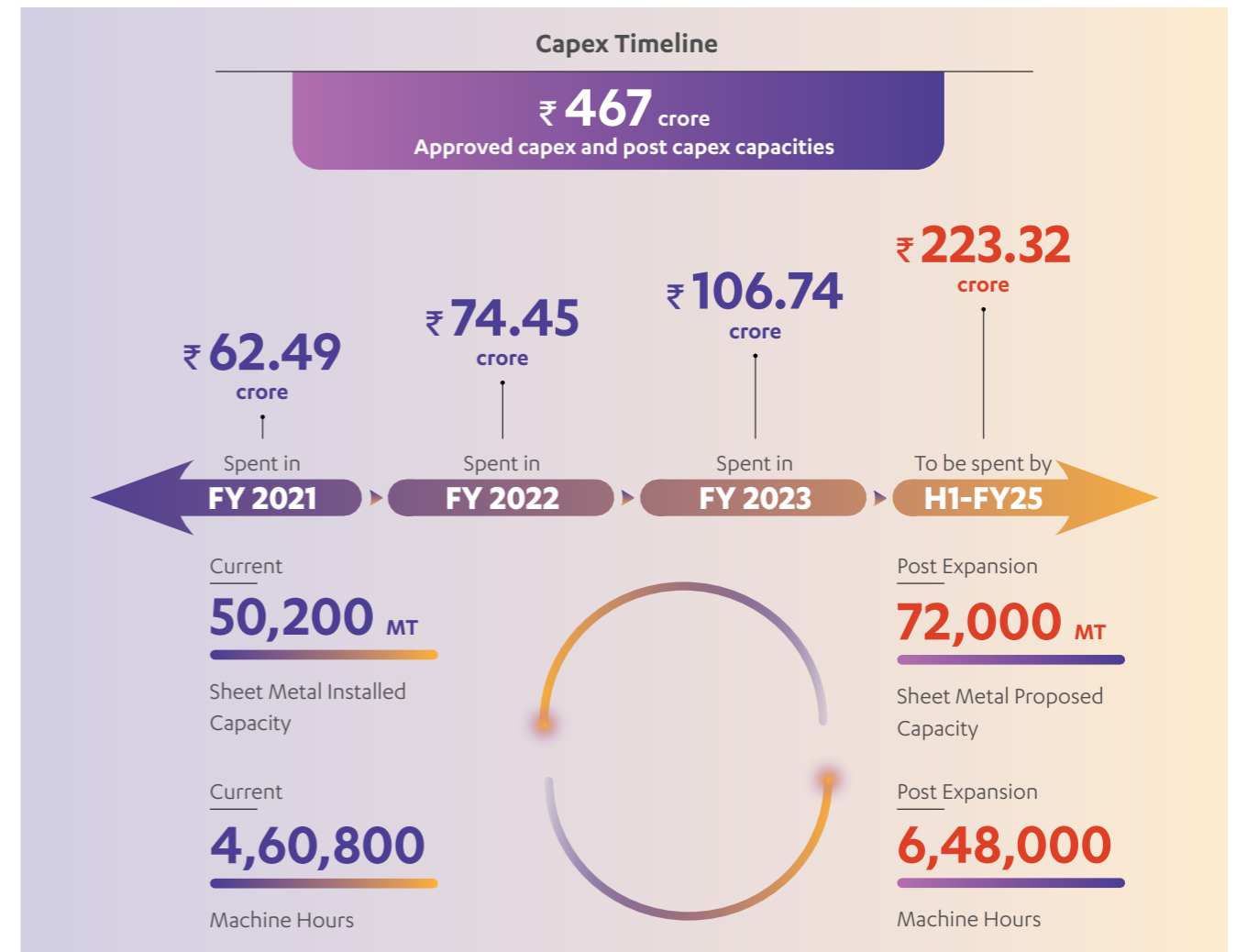
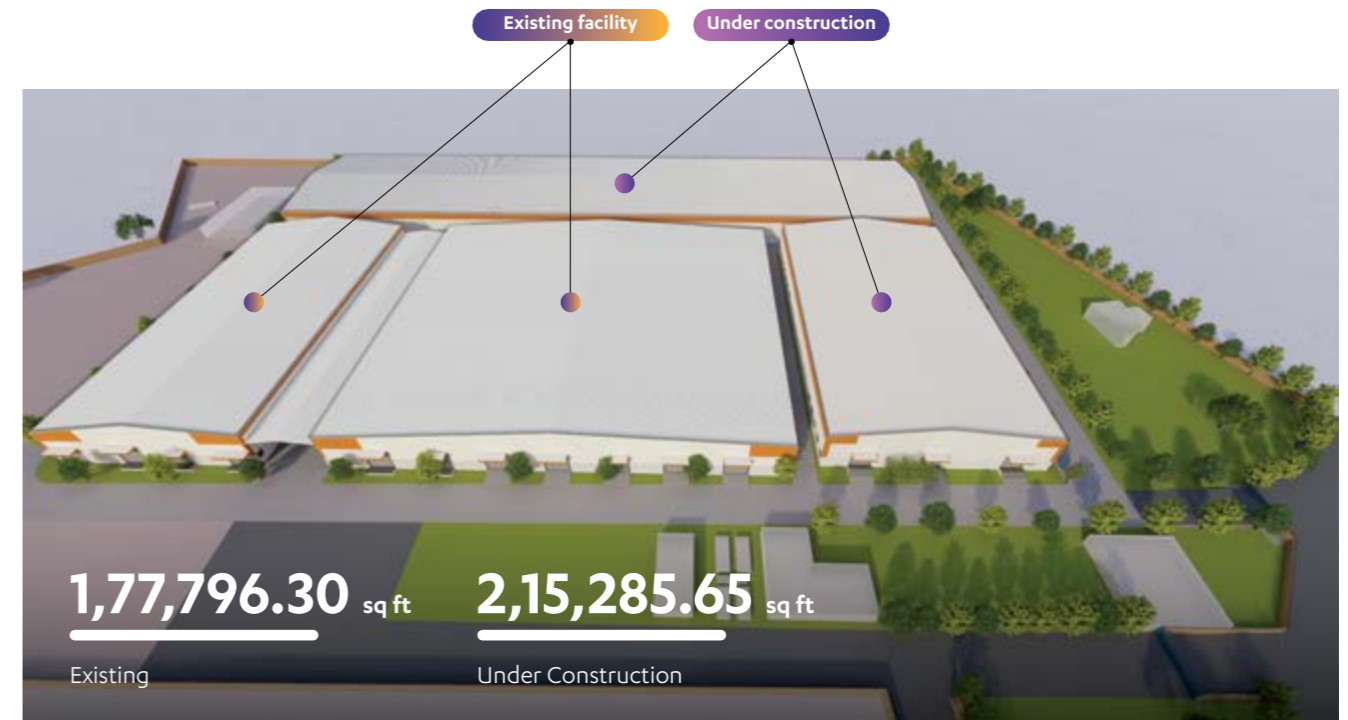
We at Pitti, are redefining industry standards with continuous innovation, unique product solutions, impeccable quality and unwavering commitment to customer. Our manufacturing prowess encompasses precision machining, lamination and advanced assemblies.

Our three manufacturing units, located in Hyderabad and Aurangabad, are equipped with start-of-the-art machinery and equipment. We harness the power of automation and embrace Industry 4.0 practices to ensure the delivery of high-quality precision products. Our automated processes, powered by cutting-edge

technologies, drive efficiency and elevate our manufacturing capabilities to new heights.

To accommodate our growing business, we are expanding our facilities. The new facility has been carefully designed to meet the increasing demands of our

customers, while also aligning with our commitment to environmental sustainability. This expansion will not only allow us to provide better service and support to our clients, but it will also enables us to incorporate smart and eco-friendly practices into our operations.



Impact

We work towards consolidating the customers' supply chain thus adding value to their operations and enabling them to focus on their core strengths. Our differentiated product offering, long-term relationships with marquee customers and multiple end-user segments create a well sustainable growth model.

The overall demand outlook for our products continues to remain strong, led by key segments such as railways and power generation. New business opportunities in pumped hydro and automotive will start contributing to our revenue pie from the current fiscal year (FY24). Our order book forecast stands at ₹ 823 crores.

Our revenue and profitability continue to grow steadily. For FY23, revenues were ₹ 1117.98 crore vis-à-vis ₹ 970.26 crores, registering a growth of 15.34%. Our Company has recorded a net profit of ₹ 58.83 crore as compared to ₹ 51.89 crore. Our net debt has declined from ₹ 290 crores to 225 crores, strengthening our balance sheet. We are focusing on long-term margins and profitability to enhance value for all shareholders.

₹ 18.36

EPS

0.87

Debt to Equity

At Pitti, our progress is the result of our commitment to customers across geographies. We serve our customers best-in-class quality and meet their stringent timelines.

Our comprehensive portfolio encompasses a diverse range of products. From electrical steel laminations to sub-assemblies for motors and generators, we excel in producing high-quality components. Additionally, our expertise extends to the manufacturing of machined castings, shafts and fabricated components, catering to a wide array of end applications. With a steadfast commitment to quality and innovation, we strive to exceed customer expectations in every endeavour.

FY 23 revenue profile

67%

Share of revenue from domestic markets

33%

Share of revenue from exports



Our Marquee Clients

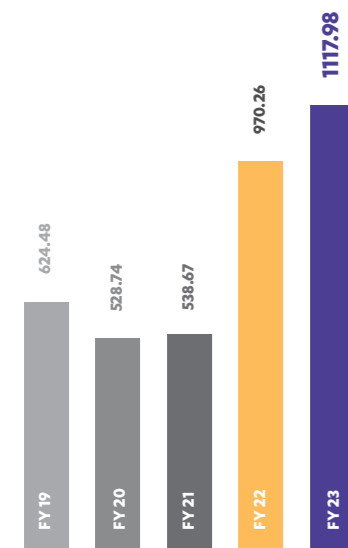


Financial Highlights

Focused on long-term value creation

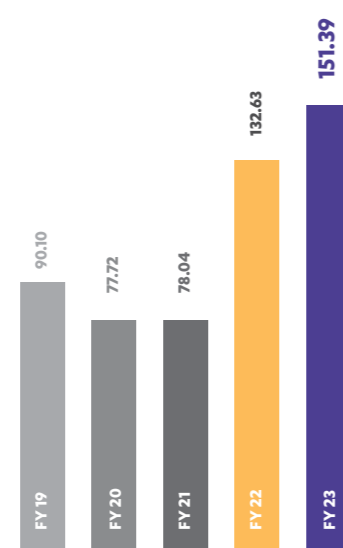
Revenue

(₹ in crore)



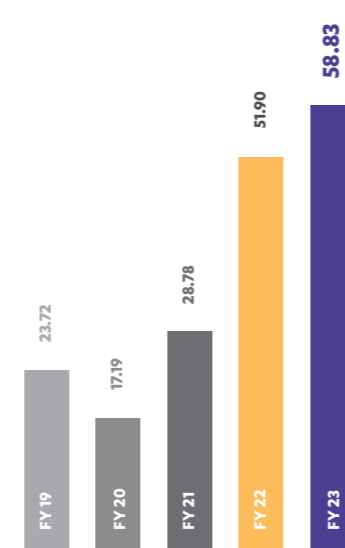
EBITDA

(₹ in crore)



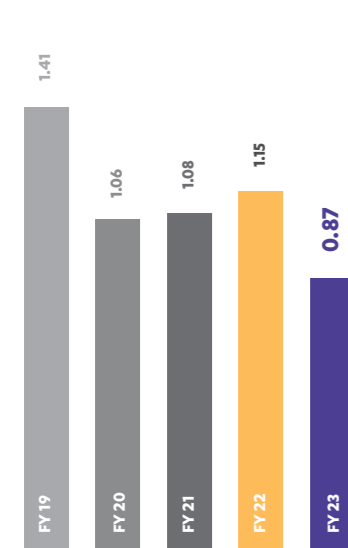
PAT

(₹ in crore)



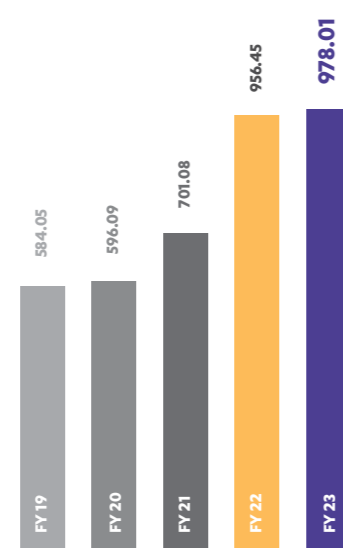
Debt-Equity

No. of times



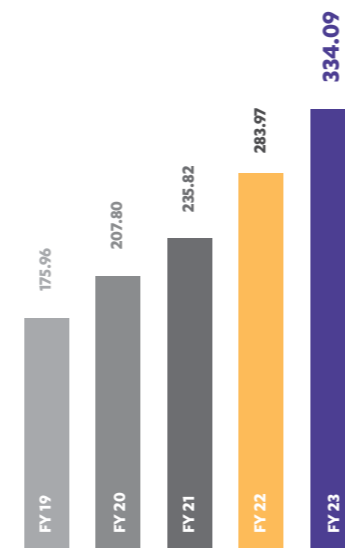
Total Assets

(₹ in crore)



Total Equity

(₹ in crore)



Five-Year Highlights

| Particulars | FY23 | FY22 | FY21 | FY20 | FY19 |
|--|---------|--------|--------|---------|---------|
| Balance Sheet and P&L Highlights (₹ in Crore) | | | | | |
| Revenue (excluding taxes) | 1117.98 | 970.26 | 538.67 | 528.74 | 624.48 |
| EBITDA* | 151.39 | 132.63 | 78.04 | 77.72 | 90.10 |
| Finance cost | 44.66 | 39.60 | 29.60 | 34.12 | 29.61 |
| PBT | 79.90 | 70.60 | 38.57 | 19.86 | 40.34 |
| PAT | 58.83 | 51.90 | 28.78 | 17.10 | 23.72 |
| Total Comprehensive Income | 57.65 | 51.92 | 28.01 | 16.84 | 22.87 |
| Cash Accruals** | 103.48 | 90.79 | 58.40 | 44.26 | 45.28 |
| Total Equity | 334.09 | 283.97 | 235.82 | 207.80 | 175.96 |
| Total Debt | 290.18 | 325.49 | 254.32 | 219.45 | 248.45 |
| Net Fixed Assets *** | 386.42 | 325.13 | 288.61 | 258.18 | 234.67 |
| Inventory | 239.31 | 272.29 | 157.22 | 126.50 | 100.27 |
| Debtors | 181.45 | 204.26 | 171.77 | 139.38 | 182.49 |
| Cash & Bank † | 65.16 | 35.03 | 8.91 | 14.86 | 13.96 |
| Total Assets | 978.01 | 956.45 | 701.08 | 596.09 | 584.05 |
| Per Share Ratio (in ₹) | | | | | |
| Earning per share (EPS) | 18.36 | 16.19 | 8.98 | 5.41 | 7.67 |
| Dividend per share (DPS) | 2.70 | 2.025 | - | - | - |
| Book value per share (BVPS) | 104.24 | 88.60 | 73.58 | 63.18 | 58.99 |
| Growth Ratio (%) | | | | | |
| Revenue growth | 15.22 | 80.12 | 1.88 | [15.33] | 63.59 |
| EBITDA growth | 14.14 | 69.93 | 0.41 | [13.74] | 65.08 |
| PAT growth | 13.37 | 80.30 | 68.30 | [27.91] | 110.28 |
| Total comprehensive income growth | 11.03 | 85.36 | 66.33 | [26.37] | 98.18 |
| Growth in book value per share | 17.65 | 20.41 | 16.46 | 7.10 | 13.84 |
| Inventory increase (decrease) | (12.11) | 73.19 | 24.28 | 26.16 | [22.37] |
| Margin Ratio (%) | | | | | |
| EBITDA margin | 13.76 | 13.91 | 15.06 | 14.80 | 14.48 |
| PAT margin | 5.26 | 5.35 | 5.34 | 3.23 | 3.80 |
| Total comprehensive income margin | 5.16 | 5.35 | 5.20 | 3.18 | 3.66 |
| Debt - Equity ratio (in times) | 0.87 | 1.15 | 1.08 | 1.06 | 1.41 |

*Profit Before Tax + Finance Cost+ Depreciation - Other Income

** Profit After Tax + Depreciation

*** Net Fixed Assets includes Net block of PPE, Intangible Assets, ROU Assets and CWIP

† Cash & Cash equivalents + Other bank balances

Critical Global Supplier of Customised Solutions



Opportunity

The convergence of supply chain constraints and the strategic adoption of the 'China plus one' approach offers the potential for us to capitalise on the growing demand for fabrication services, establishing a strong market presence and driving sustainable growth in this dynamic industry.

Challenge

Developing a critical-to-quality product necessitates the achievement of thin walls, exceptional weld penetration, a deflection-free structure, fully machined and painted split gear case, while ensuring seamless interchangeability of parts across more than nine global locations, thereby presenting a formidable challenge in terms of engineering and logistical complexity.

Solution

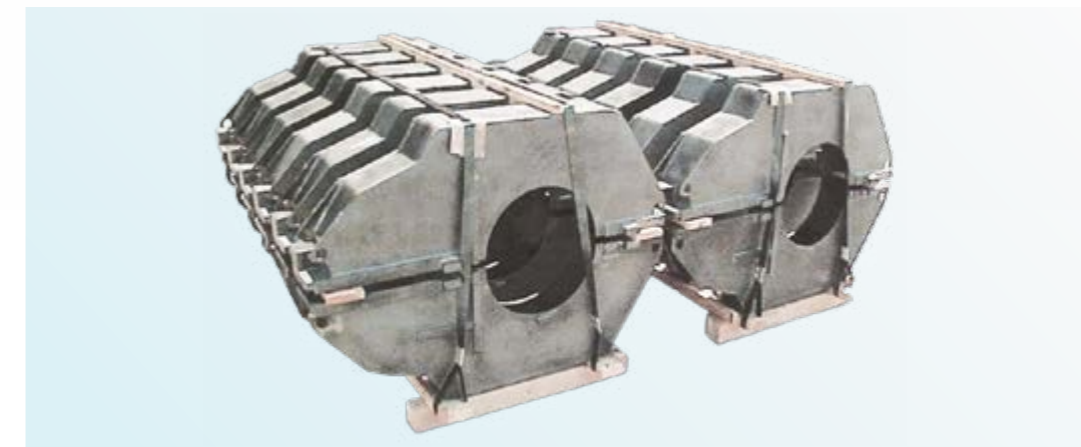
Recognising the potential of this business, we made a strategic investment of ₹ 7 crores to establish a dedicated production line equipped with state-of-the-art technologies such as fiber laser cutting for sheet metal, automated CNC bending machines, robotic welding solutions, and specialised heat treatment and painting lines. This investment demonstrates our commitment to ensuring efficient and high-quality manufacturing processes for these products.

Results

The implementation of our advanced fabrication line, coupled with our cutting-edge machining capabilities, enabled us to achieve a remarkable feat of developing the part correctly on the first attempt, all within an impressive timeframe. As a direct result of these accomplishments, we were able to rapidly expand our serial production to meet the demands of substantial volume requirements.



What started as an initial business award of US\$ 1 million per year has now flourished into an actual business value of US\$ 1.8 million. Furthermore, with the trajectory of growth we are currently experiencing, it is anticipated that the annual business value will exceed US\$ 3 million in the forthcoming years.



Opportunities

We have recognised the growing demand for high-efficiency DC motors in various industries, including home appliances and automotive electric vehicles (EVs). To align with the needs of premier OEMs and Tier 1 suppliers, we ventured into the production of components for these motors.

Challenges

We faced challenges in meeting quality standards, navigating geopolitical crises, and keeping up with the rapidly evolving market trends

Solution

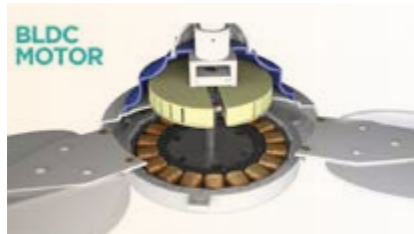
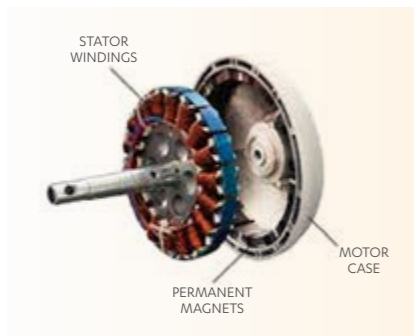
To overcome these challenges and seize market opportunities, we adopted a strategic approach. We focused on localization by adhering to the latest government norms, policies, and standards. This allowed us to provide efficient supply chain solutions to OEMs and Tier 1 suppliers in the local market. We also identified the "Make in India" initiative as a significant opportunity and leveraged it to our advantage. Additionally, we explored contingency plans to ensure uninterrupted operations despite external uncertainties.



Results and Impact

One of our strategic moves was the development of BLDC (Brushless DC) motor laminations. Through market analysis, we identified the growing trend in the consumer-based home appliance category and captured the potential of next-generation technology. By launching the BLDC motor laminations, we positioned ourselves as a leading provider of green, energy-saving, and stylish motor solutions. Our focus on value engineering and localisation further enhanced our offering and attracted customers seeking sustainable products and innovation.

Our efforts in meeting industrial needs and capitalizing on niche market opportunities yielded significant results. We established ourselves as a trusted supplier to premier OEMs and Tier 1 suppliers, known for our high-quality products and commitment to sustainability. Our products not only met the stringent industry standards but also exceeded customer expectations in terms of energy efficiency and aesthetics. By aligning with the latest market trends, we strengthened our position in the home appliance and automotive EV sectors, creating a positive impact on our brand reputation and market share.



Opportunities

Our company sees a big opportunity in the growing EV market in India. We aim to provide high-quality EV traction motor laminations to meet the demand for localized solutions. This presents a promising opportunity for us to establish a strong presence and compete effectively in the Indian EV industry.

Challenges

The Indian EV market heavily relies on imports from China and Europe, causing longer lead times, increased costs, and supply chain disruptions. We aim to address this by offering a solution that meets market standards and reduces import dependence.

Solution

With a futuristic vision and commitment to global vehicle electrification, we developed a cutting-edge product - EV traction motor laminations. These laminations were designed to cater to the needs of our multinational customer, who was an integrated player in the total supply chain of EV vehicles across various segments. To meet the unique requirements of the Indian EV market, we utilized specialized electrical steels with a reduced thickness of 0.27mm. Additionally, we incorporated value-added features by using UL 94 certified 50% GF (Glass Fiber) engineering plastics in the molding applications, making our product ready to be seamlessly integrated into the custom production line.



Impact

Our innovative solution proved to be a game-changer in the EV industry. By providing localized components with superior quality and unique value additions, we empowered our customer to scale up their operations and reduce dependency on imports from China and Europe. Our EV traction motor laminations met the stringent performance standards required for diverse EV segments, including 2-wheelers, 3-wheelers, 4-wheelers, recreational vehicles, buses, and commercial vehicles. This strategic collaboration contributed significantly to the customer's growth and their ability to provide comprehensive EV solutions to the Indian market.



Management Discussion and Analysis

Global economic overview

The global economy was roiled by volatile food and commodity prices and elevated inflation. The Russia-Ukraine conflict, which caused supply chain disruptions worldwide, exacted a heavy toll on the economy. The rising costs of living, inflated food and commodity prices and tightened liquidity conditions also impeded global economic growth.

Supply chain constraints and market volatility have considerably dampened consumer sentiment and lowered capital outflows. Several nations continue to grapple with persistent demand-supply imbalances and decadal-high inflation rates. To tame inflation and achieve price stability, central banks around the world have responded with synchronised rate hikes and tightened monetary policies.

At the end of FY23, the global economy recovered gradually from the waning effects of the pandemic and geopolitical tensions. The global economic output is expected to witness steady growth, driven by stabilising inflationary pressures, reviving consumer sentiment and investor confidence.

The IMF's World Economic Outlook, April 2023, reports that global growth will reach register a growth of 2.8% this year before climbing to 3.0% in 2024. In comparison, advanced economies are projected to display a growth rate of 1.3% in CY23. Global inflation is expected to gradually decline, although slower than initially anticipated, from 8.7% in 2022 to 7.0% this year and 4.9% in 2024¹.

Outlook

Despite inflationary pressures, the global economy is supported by a robust labour market, increased domestic spending, an influx of foreign capital and a prudent response to the energy crisis in Europe.

Many emerging markets and economies (EMDEs) have already recovered, which has bolstered real incomes. An optimistic global outlook would also be determined by the speed and effectiveness of fiscal and monetary policy actions implemented to boost economic expansion. The Central Banks have been tightening monetary policy, which is expected to curb sticky inflation and foster long-term growth.

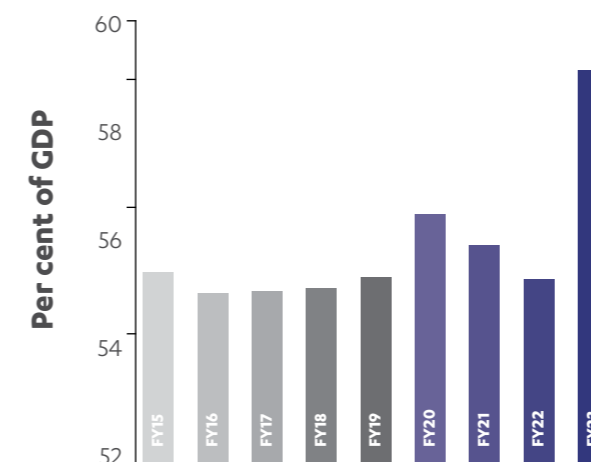
Indian economic review

The Indian government has managed to maintain a favourable domestic policy environment and prioritise structural reforms, allowing the country's economy to remain resilient amid global challenges. The final advance estimates of the NSO indicate that India has registered a growth rate of 7.2% in the fiscal year 2022-23².

Additionally, the country's stable inflation rates, higher disposable income and continued investment in infrastructure development are expected to contribute positively to economic growth in the future.

Various high-frequency indicators, such as GST collections, railway and air traffic, electronic toll collections and E- Way bill volume, suggest a robust economic recovery in India. This persistent growth momentum has positioned India as an attractive investment destination.

Private consumption highest (as a percentage of GDP) since FY15 across H1



(Source: NSO, MoSPI)

Outlook

Despite global challenges, India's economic activity has remained robust due to a favourable domestic policy environment and the Government's continued emphasis on structural reforms

Stabilising inflation, narrowing current account deficit, improving consumer sentiments and a favourable policy environment are likely to aid the Indian economy. Moreover, government initiatives like Atmanirbhar Bharat and the Production-linked Incentive (PLI) scheme would contribute to economic growth by increasing local output.

A combination of rising disposable income, easy access to credit and lowering interest rates in the wake of a stabilising inflation trajectory will bode well for economic growth going forward.

Industry overview

Industrial

Steel, cement and construction

The Steel sector plays a pivotal role for crucial sectors such as infrastructure, automobile, engineering and defence. India is now the world's second-largest crude steel producer, producing 118.20 million tonnes (MT) of crude steel, a 17.9% increase over the same period previous year (CPLY). India's finished steel consumption is projected to rise from 133.596 MT in FY22 to 230 MT in 2030-31. In the first half of 2022, India's crude steel production increased by 8.8% to 63.2 MT, mostly due to increased demand from the manufacturing and construction industries³.

The introduction of the Production Linked Incentive (PLI) scheme, with an outlay of ₹ 6,322⁴ Crore, is anticipated to encourage the industry to invest in increasing the capacity for specialty steel. Government support is encouraging planned capacity expansion. Although value-added steel is produced in India, the steel product portfolio is skewed towards low to mid-range value-added items.

The growth in demand for residential complexes among the urban population, along with the concurrent increase in construction activity, are the primary drivers of the cement industry. The government's recent efforts to build world-class infrastructure including roads and airports, and multimodal connectivity projects have fuelled the market's expansion. The construction of India's seamless multimodal transportation network will operate in tandem with the PM Gati Shakti - National Master Plan (NMP) for multimodal connectivity, and cement consumption is predicted to grow as a result.

“

With more than 7% of the installed capacity worldwide, India ranks second in the production of cement.

The volume of cement consumed by the end of FY 2027 is predicted to be 450.78 million tonnes. Consumption will rise as a result of the surge in demand from industries like housing, commercial, and industrial buildings⁵.

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1928682>

³ <https://ipcindiansteel.nic.in/writereaddata/files/Trend%20Report%20July%202022.pdf>

⁴ <https://pib.gov.in/PressReleasePage.aspx?PRID=1882162>

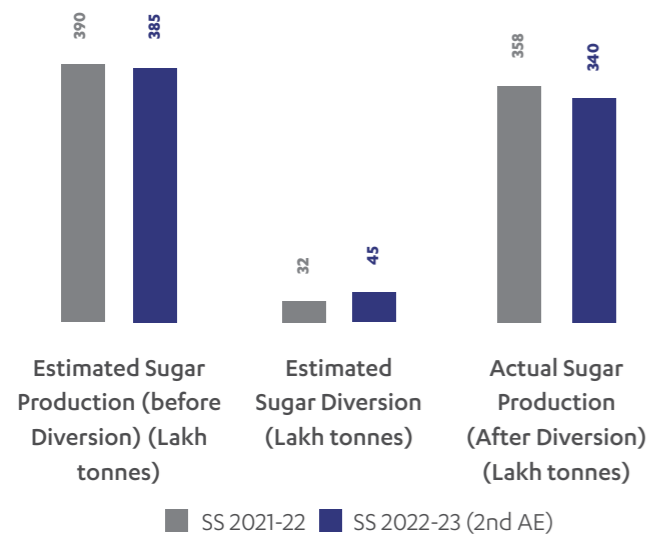
⁵ <https://www.researchandmarkets.com/reports/5690659/cement-industry-in-india-2022-2027>



Sugar

According to the Indian Sugar Mills Association (ISMA), domestic sugar production is expected to reach 340 lakh tonnes in sugar season 2022–2023 up from 358 lakh tonnes in sugar season 2021-2022. The highest ever diversion towards ethanol— nearly 45 lakh tonnes, up by 41% year-on-year— is predicted this year. This increasing diversion towards high realisation ethanol is likely to support 8-12% revenue growth for sugar mills this fiscal.

Revenue for sugar mills is predicted to rise by 8–12% in FY23. The expansion in installed capacity for sugar production and distilleries, as well as a rise in the aim and price for blending ethanol, are anticipated to support the growth. The distillery industry has a far higher profit margin than the sugar industry. Such enticing pricing for ethanol producers would help sugar mills pay cane farmers on schedule and enhance their liquidity.⁶



AE – Advanced Estimates
(Source: ISMA)

Tentative Year-wise Thermal Capacity likely to be included into National Capacity:

(as on 30.04.2023)

| FY | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | Total (MW) |
|--------------|--------------|-------------|----------|------------|------------|---------------|
| Central | 6880 | 4380 | 0 | 660 | 660 | 12580 |
| State | 7820 | 5040 | 0 | 0 | 0 | 12860 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 14700 | 9420 | 0 | 660 | 660 | 25440* |

*Yelahanka CCPP (370 MW) and Uppur SCTPP (2x800 MW) have not been included in this capacity.
(Source: CEA)

India is expected to tentatively add 25,440 MW of thermal capacity in the next 5 fiscal years¹⁰.

Energy consumption in India is anticipated to increase in tandem with the country's economic expansion. It is anticipated that the deployment of coal-based thermal power plants will continue to contribute significantly to the country's energy mix.

⁶https://www.careratings.com/uploads/newsfiles/22022023010432_Sugar_Industry_Update_-_CareEdge_Research.pdf

⁷<https://indianinfrastructure.com/2023/01/31/market-trends-opportunity-to-grow-in-the-indian-pump-segment/>

⁸ <https://coal.nic.in/en/major-statistics/generation-of-thermal-power-from-raw-coal>

⁹<https://powermin.gov.in/en/content/overview>

¹⁰<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1911535>

Pumps

The expansion of the Indian pump sector in recent years has been aided by expanding urbanisation, dropping groundwater levels, and other infrastructure-improvement programmes. The development in domestic infrastructure buildings and other water-intensive industries have also contributed to the market expansion. Water and wastewater, chemicals, pharmaceuticals, construction, food and beverage, and mining are the primary end-users in India.

Going forward, industrial pumps are predicted to gain popularity in India due to factors like increased emphasis on energy-efficient products in the water and wastewater industry, development of generic pharmaceutical production, rapid urbanisation, rise in large-scale housing projects, and expansion of infrastructure projects⁷.

Power generation

Thermal energy

In India, power is generated from conventional (Thermal, Nuclear and Hydro) and renewable sources (Wind, Solar, Biomass and so on). However, thermal power remains the primary source of energy generation, accounting for 75% of total power generation.⁸

The overall power generation (Including generation from grid connected renewable sources) in the country stood at 1624.465 Billion Units (BU) during 2022-23. Thermal power generation increased by 8.21% during 2022-23⁹.



Renewable energy

The Indian government has launched a number of programmes to boost renewable energy producing capacity, including the National Solar Mission (NSM), Ultra Mega Solar Power Projects, Wind-Solar Hybrid Policy, and others. These initiatives have helped India make significant progress in increasing its renewable energy power generation capacity. Renewable energy sources (including hydro) had an installed capacity of 173,619 MW which accounted for 41.4% of the total installed generation capacity as on 31st March, 2023¹¹. The government is committed to further increasing the country's renewable energy power generation capacity, and it is expected that India will become a major global player in the renewable energy sector in the coming years.

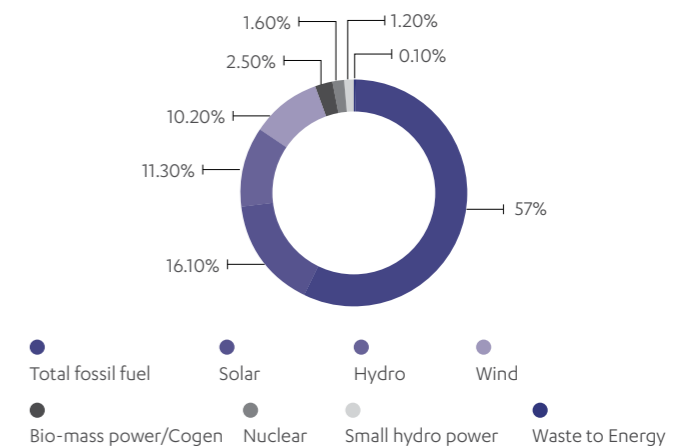
India has prioritised renewable energy as a long-term strategic focus area by planning sizeable solar power, wind power, biomass, and hydro power projects. To encourage private sector participation in renewable energy, the government has also provided incentives like faster depreciation, reduced customs and excise fees, and tax holidays.

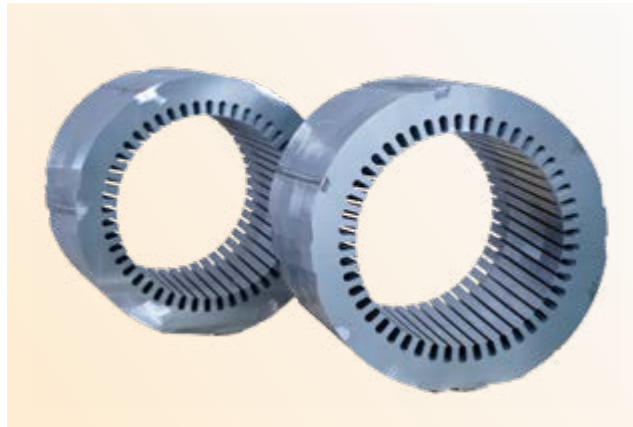
Long-term results are likely to include a decreased reliance on fossil fuels, increased energy security, decreased greenhouse gas emissions, and numerous employment opportunities, particularly in rural areas. India's strategic emphasis on renewable energy will continue to be essential for accomplishing its long-term sustainable development objectives.

¹¹<https://powermin.gov.in/en/content/power-sector-glance-all-india>

Installed generation capacity (fuel wise) as on 31.03.2023

| Category | Installed generation capacity (MW) |
|---|------------------------------------|
| Total fossil fuel | 2,37,269 |
| Non-fossil fuel | |
| Renewable energy sources (incl. Hydro) | 1,72,010 |
| Hydro | 46,850 |
| Wind | 42,633 |
| Solar | 66,780 |
| Bio-mass power/Cogen | 10,248 |
| Waste to Energy | 554 |
| Small hydro power | 4,944 |
| Nuclear | 6,780 |
| Total non-fossil fuel | 1,78,790 |
| Total installed capacity (Fossil fuel & non-fossil fuel) | 4,16,059 |





Diesel generator sets

The DG sets have a competitive advantage of providing uninterrupted power supply and portability, unlike utilities. Demand from commercial applications are mainly driving the growth of the Indian diesel genset industry. Investments in infrastructure projects, construction activities, hospitals, data centres, 5G network and rural infrastructure is likely to further drive demand in this segment.

5G and 5G rollout

5G has the potential to revolutionise Indian society, opening up new economic opportunities and societal benefits. The Indian government has taken proactive steps to foster innovation and research in the 5G domain, offering free access to the 5G Test Bed for start-ups and MSMEs. This has led to the development of various 5G technologies and intellectual property that can be transferred to industry partners, promoting the implementation of 5G in India and boosting indigenous technology development. The rapid rollout of 5G, covering over 700 cities within eight months since its launch, has been facilitated by spectrum availability, investments from telecom operators, and the strong demand for faster internet speeds. The impact of 5G on India's economy is projected to be significant, bolstering the digital economy, creating jobs, and improving the quality of life.¹²

The rapid deployment and increasing demand for 5G services are expected to drive infrastructure buildup by industry players to meet the rising demand. As the need for 5G infrastructure grows, specialized equipment such as base stations, antennas, routers, switches, and other networking components will be in higher demand. This infrastructure development will further support the expansion of 5G networks in India, contributing to the overall economic impact and enhancing the country's digital ecosystem.¹³

Hospitals

In recent years, India's healthcare industry has made considerable achievements, as seen by the improved patient-to-doctor ratio of 1:854 in 2022, which exceeds the WHO guideline of 1:1000. The COVID-19 pandemic pushed digital healthcare and telemedicine to the forefront, and they have now become integral to the future of healthcare.¹⁴

To fully harness the potential of digital healthcare, hospitals would increasingly require uninterrupted power supply owing its criticality for patient care and safety and ensuring the continuous operation of life-saving medical equipment and specialised instruments. The Ayushman Bharat Digital Mission has introduced AI-enabled handheld devices, point of care cancer screening tools, digital pathology, and imaging-based algorithms, expanding the role of artificial intelligence (AI) in healthcare. Physicians and patients alike have developed confidence in using digital services, and teleconsultations have steadied at five to six times their pre-pandemic levels. This shift towards lower-cost, higher-access delivery channels signifies the transformative impact of technology on healthcare.

Residential and commercial spaces

In the post-COVID-19 period, the Indian real estate market experienced high demand across various sectors, driven by pent-up demand and positive market sentiments. Despite global challenges in 2023, India's strong macroeconomic fundamentals are expected to support the continued development of the real estate sector. Leasing activity for offices recorded significant growth of 40% year-on-year in 2022, along with decreasing vacancy levels and rental recovery in several cities. The housing market also saw positive trends, with an estimated 312,666 housing units sold in India in 2022. Affordable housing financing options and low-interest house loans are expected to enhance homeownership accessibility for a broader population segment. Real estate developers are focusing on providing innovative and sustainable housing solutions, including integrated townships and smart cities with modern amenities and infrastructure. These factors, coupled with the evolving expectations and lifestyles of the growing Indian middle class, will continue to drive demand in the housing market.

Transportation

Railway freight services

Rail freight transportation supports industry and supply chains since it is economical, energy-efficient, and capable of hauling heavy loads. On an average, 9,146 freight trains run every day. During FY22-23 (up to November 2022), Indian Railways (IR) carried 976.8 million tonnes of revenue-earning freight (excluding KRCL), as against 901.7 million tonnes during the corresponding period in FY21-22 (excluding KRCL), marking an increase of 8.3 per cent. Overall, the Indian Railways loaded 1,512 MT of goods in FY 22-23, setting a record.

One of the biggest initiatives in railway freight infrastructure is the construction of the Eastern and Western dedicated freight corridors (DFCs), which complements the golden quadrilateral. The nation's transport output is projected to increase as a result of this initiative while transit time and costs are anticipated to decrease.

Passenger rail

The number of passenger trains operated by the railways each day increased to 13,523 for the fiscal year 2022-23 (up to November 2022-2023), and the number of originating passengers exceeded 418.4 crore. In the coming years, increased mobility across the country and a need for faster and effective trains will help boost passenger traffic even more¹⁵.

The government has allocated a record capital outlay of ₹ 2.4 crore for the Railways in the Union Budget 2023-24 to match the increased rail traffic anticipated in the future. Also, initiatives like delegation of powers at the field level (which helped in commissioning of doubling projects), close monitoring of the progress of projects at various levels, regular follow-up with state governments and relevant authorities for expeditious land acquisition, forestry and wildlife clearances are expected to accelerate the pace of railway projects completion.

The induction of high-speed, self-propelled Vande Bharat Trains that are equipped with ultra-modern features like quick acceleration (with a maximum speed of 160 kmph), on-board infotainment and Global Positioning System (GPS) based passenger information system will lead to a substantial reduction in travel time and improve the passenger experience.



¹² <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1927062>

¹³ <https://dot.gov.in/sites/default/files/5G%20Steering%20Committee%20report%20v%2026.pdf>

¹⁴ <https://www.pwc.in/assets/pdfs/healthcare/enabling-healthcare-with-technology.pdf>

¹⁵ <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>

Metro rail

According to the economic survey 2022-23, 721 km of metro rail network was made operational by August 2022. The Indian metro rail industry is one of the fastest-growing in the world.¹⁷ The growth of the Indian metro rail industry is having a transformative impact on urban transportation in India. Metro rail is reducing traffic congestion, improving air quality, and making cities more liveable. It is also creating jobs and generating economic activity. New metro rail (subway) systems are being constructed in more than 20 Indian cities, and are accelerating the transformation of urban mobility¹⁶.

The Indian metro rail industry is also undergoing a digital transformation. Metro rail systems are increasingly using digital technologies to improve passenger experience. The use of technologies like building information modelling (BIM), advanced analytics, drones, and IoT-based digital monitoring systems is rapidly modernising the industry. Moreover, the entry of private players is also expected to bring in new technologies and innovative solutions to the industry and make metro rail more affordable.

The metro rail networks are a key part of the government's plan to develop world-class infrastructure in India. With continued government support and public demand, the industry is poised for continued growth in the coming years.

Off highway vehicles

The off-highway vehicle market is a rapidly growing industry and is being driven by a number of factors, including:

- **Construction equipment:** The market for off-highway vehicles is expanding due to increased need for equipment to automate work in a range of industries, including construction. Such vehicles are in high demand for large-scale infrastructure projects, and their availability has reduced the cost of heavy construction equipment.
- **Agricultural sector:** The constantly expanding trend of mechanised automation underpins the vast growth prospects for the demand for agricultural tractors and equipment. Notably, agricultural tractors are anticipated to become widely used in developing nations, supported by rising farmer expenditure on automating many farming tasks.
- **Ports sector:** The demand of off-highway vehicles from port and material handling industry is also buoyant, spurred by expansion of international trade over the

decades. Thus, port and material handling equipment vehicles presents abundant opportunities.

- **Rise in popularity of recreational activities:** Off-highway vehicles are also used for recreational activities, such as off-road racing, camping, and hunting. The increasing popularity of these activities is driving the demand for off-highway vehicles¹⁷.

Appliances and consumer durables

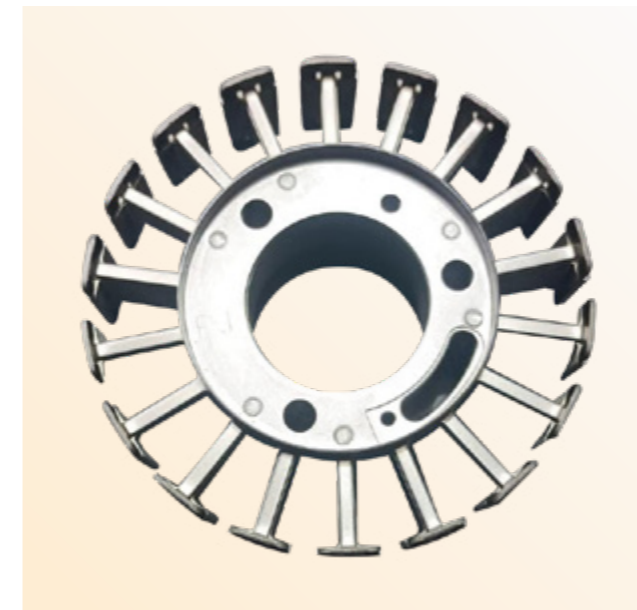
The Indian market for consumer durables is anticipated to expand at a CAGR of 6.5% from 2022 to 2030. Household demand for India's consumer electronics sector continues to be supported by changes in lifestyle and accessible credit options. Due to the increased electrification of rural areas, the development in affordable housing, and the growing infrastructure, consumer durable and electronics companies estimate that the majority of expansion will come from and extend beyond Tier II towns. Consumers' preference for convenience and smart technology-based items fuels the need for high-value, feature-driven appliances that are easy to use and energy efficient.

The Indian consumer electronics durables market has attracted numerous sizeable investments in the form of FDI inflows, the entry of new brands, as well as merger and acquisition strategies used by major international market players. Also, a number of OEMs are seeking to localise their products in India in order to add value for the Indian customers.



¹⁶ <https://themetrorailguy.com/metro-rail-projects-in-india/>

¹⁷ <https://www.prnewswire.com/news-releases/off-highway-vehicle-market-to-be-worth-us-1-3-trillion-by-2031---transparency-market-research-inc-301680035.html>



New technologies

Electric vehicles

According to estimates, India's EV market would be worth USD 2 billion in 2023 and USD 7.09 billion in 2025. By 2030, the EV market is anticipated to reach 10 million annual sales, growing at a CAGR of 49% between 2022 and 2030. Also, it is anticipated that several auto ancillaries and related businesses would expand alongside the EV market¹⁸.

The Indian government has also been implementing a number of programmes to promote the expansion of electric mobility, such as 100% FDI through the automotive route in the EV space, incubator programmes, shared facilities for prototyping and small-scale manufacturing, financial support through the Credit Guarantee Scheme for Start-ups (CGSS), tax breaks, and consumer subsidies. Also, the PLI programme encourages indigenous production of EV batteries and decreases reliance on imports. This will significantly reduce the price of EVs and provide the infrastructure required to support the EV industry.

India reaffirmed its commitment to the aspirational objective of changing at least 30% of private automobiles to EVs by 2030 at the Conference of the Parties 26 (COP26) Summit. The rise in oil prices and import costs, increasing pollution, and worldwide commitments to combat global climate change are some of the main reasons for India to quicken the transition to e-mobility.

Data centres

CRISIL predicts that by 2025, India's data centre capacity would have doubled to between 1,700 and 1,800 MW from an estimated 870 MW current capacity of the nation. Between 2023 and 2025, India is estimated to add 890-900 MW of capacity¹⁹.

The government is ramping up its digital activities to improve the environment for data centre services with a goal of data localisation. The Ministry of Electronics and Information Technology (MEITY) has established a strategy for data centres in 2020 that elevates them to the same infrastructure status as roads, trains, and electricity. This policy aims to streamline the approval procedure for data centre services. The Ministry of Economy, Industry, Trade and Energy (MEITY) has also announced that cloud data centres will get SEZ designation.

However, a boost to data centres demand in India is expected to come from rising digitisation and internet penetration, the implementation of Data Protection Bill and the Data Centre Policy, as well as the widespread adoption of 5G services. Data centre services are also likely to benefit from tax breaks in states like Maharashtra, Karnataka and Uttar Pradesh, as well as energy subsidies and discounts on land costs.

Operational and financial review

Despite macroeconomic challenges, Pitti has registered an encouraging operational and financial performance during the reporting year. On account of reduction in inventory level and improvement in realisation from debtors, the Company was able to reduce the working capital cycle. This helped enhance our cash flow.

The key financial highlights of the Company are summarised as below:

| Particulars | (₹ in crore) | | |
|-------------------------|--------------|------------|--------------|
| | FY 2022-23 | FY 2021-22 | Y-o-Y change |
| Revenue from operations | 1,100.17 | 953.82 | 15.34% |
| EBIDTA | 151.39 | 132.63 | 14.14% |
| PAT | 58.83 | 51.90 | 13.35% |

Outlook

The Company looks forward to capitalise on the emerging opportunities in the RRTS, Vande Bharat, State and Metro segments in the days ahead as it anticipates strong demand from Railways business segment. The Company's focus on the machine components business will continue which is likely witness a sizeable growth from next financial year. The Company has also developed laminations for a number of electric mobility platforms and customers in the hydro power segment.

The Company is well positioned owing its new product developments coupled with 'China plus one' strategy and is expected to see continued growth in the export business in the upcoming years.

¹⁸ <https://www.investindia.gov.in/team-india-blogs/electric-vehicle-ev-sector-india-boost-both-economy-and-environment>

¹⁹ <https://www.crisil.com/en/home/newsroom/press-releases/2022/06/indias-data-centre-capacity-to-double-by-fiscal-2025.html>

Key ratios

| Particulars | 2022-23 | 2021-22 | Y-o-Y Change | Reasons for variance more than 25% |
|--|---------|---------|--------------|---|
| Inventory Turnover (No. of times) | 4.30 | 4.44 | -3.15% | - |
| Debtors Turnover (No. of times) | 5.70 | 5.07 | 12.43% | - |
| Interest Coverage Ratio (in times) | 3.97 | 3.88 | 2.32% | - |
| Current Ratio (in times) | 1.20 | 1.19 | 0.84% | - |
| Debt Equity Ratio (in times) | 0.87 | 1.04 | -16.35% | - |
| Operating Profit Margin (%) | 13.76 | 13.91 | -0.14% | - |
| Net Profit Margin (%) | 5.24 | 5.44 | -0.20% | - |
| Return on Net Worth (%) | 19.04 | 19.97 | -0.93% | - |
| Debt Service Coverage Ratio (in times) | 3.60 | 2.81 | 28.11% | Increased earnings on account of overall business growth. |
| Trade Payables Turnover Ratio (in times) | 3.40 | 5.16 | -34.11% | Due to the improvement in credit period by vendors, the payable outstanding has increased, which is favourable. |

Risk management

The Company's established Risk Management framework has actively assisted it in identifying the risks and mitigating them through mitigation strategies that are periodically reviewed and monitored. The framework is also integrated into the Company's process for strategic business planning. Critical assumptions underlying the strategy are identified and addressed, as are important internal and external risks inherent in each of the business verticals.

Risk management at the Company is based on the following pillars:

1. Compliance Risk Management
2. Process Risk Management
3. Enterprise Risk Management (ERM)

Compliance risk management includes a mechanism of reporting and assurances with respect to adherence with laws and regulations prevailing in the country.

Process risk management involves review of business related operational and financial processes and controls through a risk-control matrix.

Identification and mitigation initiatives of other enterprise risks are overseen on a continuous basis by the Management and business teams.

During the year FY2023 a Risk Management Policy was developed to detail the process for identifying, assessing, and responding to enterprise-wide risks. The Company's ERM program operates with the following aims:

- Proactively manage risks and drive timely mitigation.
- Optimize costs and the effort needed to manage risks.
- Build necessary resilience via crises management or business continuity plans.
- Improve compliance with good corporate governance guidelines and practices, as well as laws and regulations.

The ERM program covers financial risks, commercial and operational risks, sectoral risks, sustainability and ESG risks, information and cybersecurity risks, crisis interruption and business continuity risks to meeting the Company's objectives and goals. Additionally, significant process or compliance risks are escalated as enterprise level risks.

severity and frequency/likelihood) has been defined, and a formal monitoring and governance structure has been set up. Also, a risk universe and taxonomy has been developed to define and aggregate risks across the Company.

The Company currently manages the following material risks:

Commercial | Growth risks

The Company operates in an organically growing, but niche segment. To secure its growth aspirations, the company has been meticulously focusing on meeting customer expectations, securing talent and the enabling infrastructure in a timely manner.

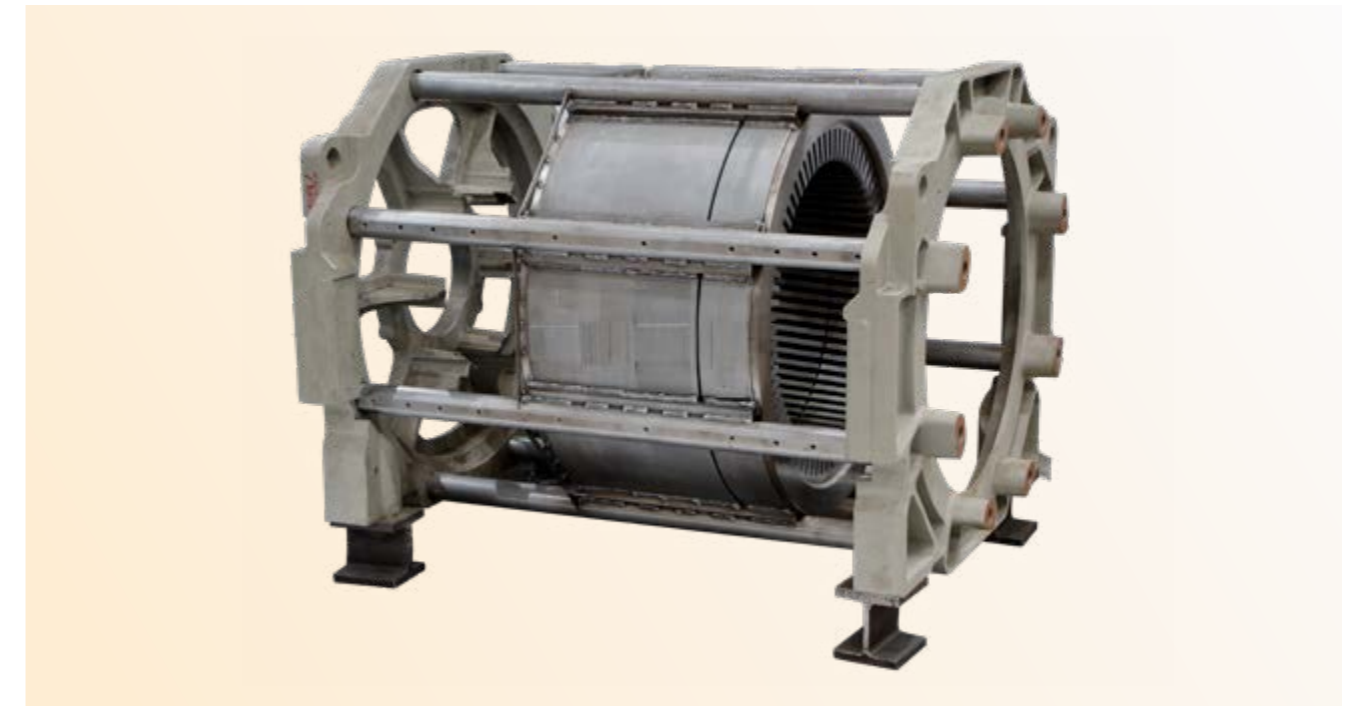
The Company is actively pursuing modern technology-enabled business opportunities in the Electric Vehicles, Aviation and other sectors. Europe is increasingly emerging as a source of opportunity for the Company and the Company management, supported by the Commercial team constantly monitor the emerging landscape to capitalize on the opportunities and mitigate potential threats.

Commercial | Customer concentration

The Company's overdependence on a particular customer, user segment or region can pose a business risk in case of the said customer undergoing a business crisis or preferring to shift to another supplier. In addition to focusing on long-term customer relations, the Company manages this risk by increasing its value proposition via forward and backward integration and by diversifying its customer base.

Commercial | Competition

Many competitors vying for the same business may lead to revenue and margin erosion. The Company, through its successful pursuit of forward and backward integrations, has been able to insulate itself from standalone competitors across the highly staggered value chain and in the process develop stickiness with clients. This form of differentiation has been a constant endeavour to stay competitive both globally and in India.



Operational | Geopolitical Risk

In the earlier few quarters, multiple geopolitical risks events including the war in Ukraine, Financial Sector Contagion and the Pandemic have been negatively impacting demand for several industries and increasing input costs. The Company is constantly assessing these unfolding events and scenarios for any risk and/or potential opportunities to its business or supply chain.

Operational | HR and People

Any erosion in commitment, competence, and compassion of employees towards the Company's stated vision of value creation can incapacitate the Company's abilities and reputation. In line with its vision and goals, the Company constantly endeavours to secure a skilled talent pool, impart the right technical trainings, and plan second-in-line for all critical roles.

Health and Safety Risks

Occupational hazards may endanger the safety of our employees and communities around our manufacturing locations. Increased automation with extra focus on workmen's safety has helped manage and improve Health and Safety performance.

Information and Cyber Security | Digitization, Information and Cyber Risks

The Company has been embarking on digitization initiatives both in the office place and shopfloor. Notable changes include extended use of cloud-based solutions for banking and other office applications, automation / robotics and IOT device connectivity in manufacturing plants, as well as increased leverage of ERP systems.

While these digitization initiatives favourably affect the achievement of desired efficiencies, they also bring with them potential risks if not correctly implemented. The Company is focused on regularly training its staff on the new IT protocols or controls to be followed, while parallelly implementing information and cybersecurity safeguards.

Sectoral | Technology risk

Being in the business of engineered goods with a significantly higher level of customization, the Company's business is susceptible to technological/ product process obsolescence. The Company deploys a twin-pronged approach to stay ahead of the technological curve. First being steady addition of capacities that imbibes the best-in-class global technologies and processes available at that point in time. The second level of this approach is to undertake periodic modernization of its legacy facilities by way of maintenance capex.

Sectoral | Economic Risks

The Company's business is in a capital-intensive sector that is inextricably linked with the overall economic, infrastructural, and industrial growth of the country/region. Geographic and customer segment diversification, including into a few non-capital goods continue to be key response strategies deployed by the Company.

Financial Risks | Commodity and Forex volatility

The recent geopolitical events have made both the foreign exchange, commodity, and input costs very volatile. Where possible, the Company insulates itself against these risks through its agreements and contracts. Additionally, where possible, hedging strategies are deployed to manage open exposures from commodity price increases or foreign exchange volatility.

Financial Risks | Liquidity

The Company's business is in a capital-intensive sector involving a longer cycle of product development that often includes proof of concept components as well. Besides a strong balance sheet, the Company always follows a prudent working capital management regime.

Sustainability and ESG | ESG Risks

While the Company operations do not pose a significant environment risk, the Company is mindful of reducing its carbon footprint through steady rationalization of energy and water consumption and continues to adhere to the principle of 4Rs (reduce, reuse, recycle and recover) along with investing in energy-efficient capital equipment.

Following-through on Environment, Social and Governance (ESG) commitments to regulators, customers and investors enables the Company to secure its reputation and future business opportunities.

Crisis Management, Business Interruption and Business Continuity | Crisis events

In the past, the Company effectively managed the COVID-19 pandemic through a combination of careful planning and resilience. High severity and high velocity (High velocity risks have extremely low time to affect) risks and crisis events are factored for BCP or contingency plans.

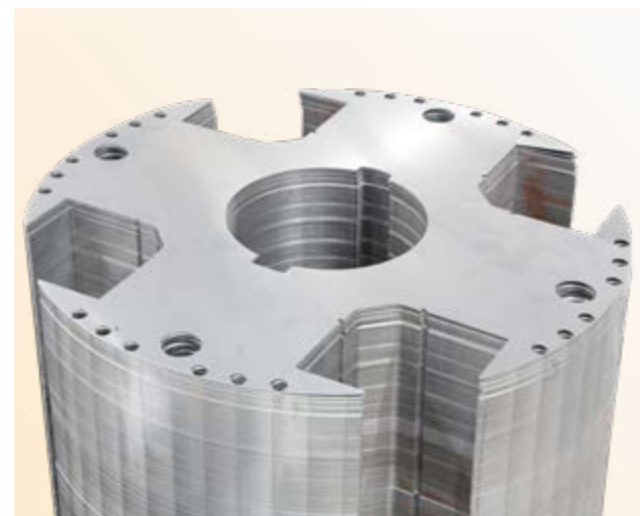
Internal control system and adequacy

The Company has a robust and effective internal control mechanism in place, one that is commensurate with the size, nature and complexities of its business. Internal control mechanism, which is benchmarked with evolving best practices at regular intervals, ensures Company's adherences to all applicable regulations in letter and spirit. It also protects

Company's various assets from unauthorised use while also ensuring accuracy of financial reporting.

The Company's robust Management Information System, spanning all critical functions, forms an important pivot of internal controls. The leadership team, including all the functional/ unit heads, serves as the first ring fence. Periodic internal audits and the second ring fence formed by an independent internal auditor, reviews control mechanism and its efficacy. The internal audit is entrusted to an independent Chartered Accountants firm, M/s. SVD Associates.

The Audit Committee periodically reviews the efficacy of control mechanism, offering improvement suggestions, as and when required. Internal control on financial reporting is attested by the Company's statutory auditors.



Human resource

The Company strives to create a work environment that fosters a healthy and secure work environment for its employees since it believes that human resources are the most precious assets in any organisation. The Company recognises that its human capital has a significant impact on its growth, success, productivity, and shareholder value. As a result, it provides multiple opportunities for career progression while also rewarding and recognising exceptional achievement.

Moreover, the Company remains steadfast in its commitment to institutionalise and enhance its human resource practices. The establishment of a culture that embraces continuous learning, collaboration, and high-performance, coupled with adequate recognition and incentives, significantly contributes to harnessing the full potential of its human capital. The Company facilitates the comprehensive development of its employees through well-structured training programmes, on-the-job learning opportunities, and refinement of their behavioural skills. This collective effort ensures the holistic growth of its workforce.

The Company has 1331 Employees as of 31st March 2023.

Opportunities and challenges

Opportunities

• China-plus-one strategy

India is in a strategic position as a result of its geographical location, vast market, skilled workforce supply, and low labour costs. As more international manufacturing companies begin to transfer their bases away from China in the wake of the pandemic and trade tensions, it presents significant opportunity for the Company to attract overseas orders and investments.

• Government incentives

The Aatmanirbhar Bharat scheme, places a strong emphasis on import substitution and exports from India, along with the Production Linked Incentive (PLI) scheme for investments in domestic manufacturing across key sectors, have made India a preferred location for manufacturing around the world. The Company can leverage the opportunity to expand its footprint.

• Growing demand for engineering services

Engineering services are in high demand across the world as companies and governments invest in infrastructure, manufacturing, and other initiatives. This creates opportunity for the Company to grow its operations and serve a broader spectrum of clientele.

• Advances in technology

Advances in technology are creating new opportunities for engineers, as they are needed to develop and implement new technologies. The Company can stay ahead of the curve by investing in research and development and by hiring engineers with expertise in emerging technologies.

• Globalisation

The global economy is becoming increasingly interconnected, which creates opportunities for

engineers to work on projects in different countries. The Company can tap into this opportunity by expanding its international presence.

Challenges

• Competition

The engineering industry is highly competitive, with many companies vying for clients.

• Geo-political

Geo-political developments and supply chain disruptions pose a challenging environment due to volatile raw material prices.

• Skills shortage

There is a shortage of skilled personnel in many countries, which can make it difficult for the Company to hire the talent it needs.

Cautionary statement

Statements in this Management Discussion and Analysis report that describe the Company's objectives, projections, estimates, expectations, or predictions may constitute 'Forward-looking statements' within the meaning of the relevant laws and regulations. These statements are predicated on a number of expectations and assumptions about the future. Since the Company's operations are impacted by several internal and external factors outside of its control, actual results could significantly differ from those stated or inferred. The Company disclaims any obligation to update publicly any forward-looking statements in light of new information, future developments, or other factors. The risks listed here are not exhaustive, therefore readers are advised to be cautious. Readers are urged to use their best judgement when determining the risks connected to the Company.



Directors' Report

Dear Members,

Your Directors are pleased to present the 39th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March 2023.

Business Overview

Pitti Engineering Limited is engaged in the manufacture of engineering products of iron and steel including electrical steel laminations, sub-assemblies for motor & generator cores, die-cast rotors and machined casted & fabricated parts and shafts. The Company supplies a range of engineering products to vastly diversified segments like hydro and thermal generation, windmill, mining, cement, steel, sugar, construction, lift irrigation, freight rail, passenger rail, mass urban transport, E-mobility, appliances, medical equipment, oil & gas and several other Industrial applications. Our products finds a suitable application in almost all engineering application.

Financial Results

The standalone financial performance of your Company for the year ended 31st March 2023 is summarised below:

| Particulars | ₹ in lakhs | |
|---|-----------------|-----------------|
| | 2022-23 | 2021-22 |
| Net Revenue from Operations | 110,017.15 | 95,382.38 |
| Other Income | 1,781.46 | 1,644.02 |
| Profit before Finance Costs, Depreciation, Amortisation and Tax | 16,920.61 | 14,907.10 |
| Less: Finance Costs | 4,465.78 | 3,960.39 |
| Profit before Depreciation, Amortisation and Tax | 12,454.83 | 10,946.71 |
| Less: Depreciation & Amortisation | 4,464.97 | 3,886.66 |
| Profit before Tax | 7,989.86 | 7,060.05 |
| Less: Tax expenses | 2,106.86 | 1,869.93 |
| Profit after Tax | 5,883.00 | 5,190.12 |
| Add: Other comprehensive income | (118.12) | 1.94 |
| Total comprehensive income for the year | 5,764.88 | 5,192.06 |
| Add: Surplus at the beginning of the year | 17,937.11 | 13,121.64 |
| Less: Dividend (Interim & Proposed) | 753.18 | (376.59) |
| Less: Transferred to General reserve | - | - |
| Surplus carried to Balance sheet | 22,948.81 | 17,937.11 |

Operating Results and Business

India continued to be one of the fastest growing major economies of the world during the reporting year. Your Company successfully leveraged the opportunities in the engineering and manufacturing sector, thanks to its core capabilities. Your Company prioritised the development of novel and cutting-edge products tailored to meet the diverse needs of downstream industries. Aligning with the increasing opportunities and demand within the industry, it made a substantial capital investment to bolster its capabilities. The Capacity utilisation for the year remained steady. Buoyed by strong order inflows from both international and domestic markets, the sales for FY23 reached an impressive 36,297 MT, resulting in a new record for profitability.

The net revenue from operations for the financial year 2022-23 was ₹ 1100.17 Crore as against ₹ 953.82 Crore in the previous year and the total comprehensive income for the period was ₹ 57.65 Crore as against ₹ 51.92 Crore in the previous year.

The total debt as on 31st March 2023 was ₹ 290.18 Crore which includes ₹ 121.88 Crore long-term debt and ₹ 168.30 Crore of short-term debt (accrued interest included). Cash and cash equivalents and other bank balances at the year end was ₹ 65.17 Crore resulting in a net debt position of ₹ 225.01 Crore. We continued to maintain a conservative leverage profile with a total debt to equity ratio of 0.87x.

Subsidiaries, Associates and Joint Ventures

There were no significant operations carried out in Pitti Rail and Engineering Components Limited a Wholly Owned Subsidiary (WoS) during the year ended 31st March 2023.

Your Company does not have any joint venture or associate companies. There has been no material change in the nature of business of the subsidiary. A report on the performance and financial position of the subsidiary, set out in the prescribed form AOC-1 in terms of proviso to Section 129 (3) of the Companies Act, 2013 is provided as Annexure to the consolidated financial statements and hence not repeated here.

Consolidated Financial Statements

The Audited Consolidated Financial Statements of the Company as on 31st March 2023, which forms part of this Annual Report, have been prepared pursuant to the provisions of SEBI Listing Regulations and applicable Indian Accounting Standard (IndAS) on Consolidated Financial Statements (IndAS-110) as notified by the Ministry of Corporate Affairs.

The annual accounts of the subsidiary company are kept for inspection by any member at the Registered Office of the Company as well as at the Registered Office of the subsidiary company and also available on the website of the Company, www.pitti.in Any member interested in a copy of the accounts of the subsidiary may write to the Company Secretary at the Registered Office of the Company.

Material Changes

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of this report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Transfer to Reserves

The Company has not transferred any amount to the General Reserve out of the amount available for appropriation during the financial year ended 31st March 2023.

Dividend

Your Directors are pleased to recommend a final dividend of 1.20 (24%) per equity share of face value of ₹ 5/- each for the financial year ended 31st March 2023, subject to the approval of members. The final dividend, if declared by the members at the ensuing 39th Annual General Meeting will be paid within 30 days from the conclusion of 39th AGM subject to deduction

of tax at source as applicable to the members whose names appear on the Company's register of members as on 11th August 2023 and in respect of the shares held in dematerialised mode to the members whose names are furnished by the National Securities Depository Limited and Central Depository Services Limited as beneficial owners as on that date.

The recommended final dividend is in addition to the interim dividend of ₹ 1.50/- (30%) per equity share of face value of ₹ 5/- each declared on 14th February 2023 paid to the shareholders on 6th March 2023.

The total dividend for the financial year, including the proposed final dividend, amounts to ₹ 2.70/- (54%) per equity share and will absorb ₹ 8.65 Crore, a payout of (14.70)% of the profit after tax of the Company, which is in line with the dividend distribution policy of the Company.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend distribution policy is available on the Company's website at <https://www.pitti.in/investordesks/Docs/Client/CLT1/Dividend%20distribution%20policy.pdf>

Share Capital

During the year under review there has been no change in the authorised and paid-up share capital of the Company. The Company has not issued shares with differential voting rights, employee stock options and sweat equity shares.

Public Deposits

During the year under review, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment for the time being in force.

Pursuant to Rule 2(c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company has received unsecured loans from its Directors. The details of which are provided in the Financial Statement and under transactions with related parties which forms part of this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as an Annexure-1 and forms an integral part of this report.

Significant and Material Orders Passed by the Regulators or Courts

There are no significant and material orders passed by the regulators / courts that would impact the going concern status of the Company and its future operations.

There are no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there are no instances of onetime settlement with any Bank or Financial Institution.

During the year under review the open offer made in 2011 by the acquirers Pitti Electrical Equipment Private Limited and Smt Madhuri S Pitti belonging to the promoter group was concluded as per SEBI directions and order of the Hon'ble Supreme Court of India dated 11th July 2022.

Director's & Key Managerial Personnel

During the year under review, Shri D V Aditya was appointed as Independent Director w.e.f 10th August 2022. With deep regret, we report his sad demise on 21st October 2022. Your Directors would like to place on record their highest gratitude and appreciation for the invaluable contributions made by Shri D V Aditya to the Company.

In accordance with the provisions of Section 152 of the Companies Act, 2013 Shri Sharad B Pitti, Chairman & Managing Director retires by rotation and being eligible offers himself for re-appointment.

None of the Directors of the Company are disqualified under the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The certificate of non-disqualification of Directors pursuant to SEBI Listing Regulation is annexed to this Report.

The Independent Directors of the Company have submitted a declaration confirming that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence. In the opinion of the Board, all Independent Directors are independent of the management.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Company have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs. Further all Independent Directors are exempted from the requirement to undertake online proficiency self-assessment test as required under the said rules.

During the year under review, Shri Nand Kishore Khandelwal, President Corporate Resources & CFO resigned from the Company with effect from 13th April 2022. Shri Akshay S Pitti was appointed as Interim Chief Financial Officer with effect from 14th April 2022 in addition to being the Vice-Chairman & Managing Director of the Company. Shri M Pavan Kumar, existing General Manager Finance was appointed as Chief Financial Officer of the Company with effect from 12th November 2022. Shri Akshay S Pitti ceased to be the Interim Chief Financial Officer of the Company with effect from 11th November 2022 and continues in his role as the Vice-Chairman & Managing Director of the Company.

The following are the Key Managerial Personnel of the Company as on the date of this report.

Shri Sharad B Pitti, Chairman & Managing Director, Shri Akshay S Pitti, Vice-Chairman & Managing Director, Shri M Pavan Kumar, Chief Financial Officer and Ms. Mary Monica Braganza, Company Secretary & Compliance Officer.

Meetings of the Board

Five meetings of the Board were held during the year. The details of composition of the Board, particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

Committees of the Board

Detailed composition of the Board committees, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report, which forms a part of this Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual evaluation of the Directors as well as the evaluation of the Board and its Committees. The performance evaluation of the Independent Directors was carried out by the entire Board, except the Director being evaluated. The performance evaluation of the Chairman & Managing Director and the Vice-Chairman & Managing Director was carried out by the Independent Directors. The process was carried out by circulating questionnaires on the functioning of the Board, its Committees and Individual Directors on parameters approved by the Nomination and Remuneration Committee.

As an outcome of the above exercise, it was noted that the Directors come with background of finance, law, banking, energy and HR as well as corporate and governance experience. As a mature Board it has helped in strategizing actions and effectively monitoring the progress. The Board

has ensured compliance with all statutory, legal and financial norms and stipulations. The Board has functioned as a cohesive and focused body and has guided the management. It was also noted that the Committees of the Board are functioning well, and satisfaction was expressed on the performance of Independent Directors and the Executive Directors of the Company.

Particulars of Employees and Related Disclosures

The information relating to remuneration and other details as required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is provided as an Annexure-2 to this report.

The statement containing particulars of employees as prescribed under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. However, as per the provisions of Section 136(1) of the Act, the annual report is being sent to all the members excluding the aforesaid statement. The statement is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors of your Company confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March 2023, the applicable Accounting Standards have been followed and there are no material departures from the same.
- such accounting policies as mentioned in the notes to the financial statements have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2023 and of the profit of the Company for the year ended on that date.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts have been prepared on a 'going concern' basis.
- proper internal financial controls laid down by the Directors were followed by your Company and that such

internal financial controls are adequate and operating effectively and

- proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Industrial Relations

The Company enjoyed cordial relations with its employees during the year under review. Your Company has always considered its workforce and their skills as its valuable asset and continues to enhance their performance with emphasis on aligning it with the changing business requirements. The periodical trainings, incentives, increments and other welfare measures ensure healthy industrial relations. The total number of employees on rolls as on 31st March 2023 was 1331.

Prevention of Sexual Harrassment

Your Company has formulated a policy for the prevention of sexual harassment at the workplace. It ensures prevention and deterrence of acts of sexual harassment and communicates procedures for their resolution and settlement. The Company is committed to creating and maintaining a healthy working environment that enables employees to work without fear or prejudice, gender bias and sexual harassment. The Company believes that all employees have a right to be treated with respect and dignity and has zero tolerance towards violations of its code of conduct, in general, and its sexual harassment policy, in particular. During the year, no complaint under the sexual harassment policy has been received by the Company. The Company has complied with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at Work Place (Prevention Prohibition and Redressal) Act 2013.

Vigil Mechanism / Whistle Blower Policy

The Company has adopted a whistle blower policy and has established necessary vigil mechanism as defined under Regulation 22 of the SEBI Listing Regulations and section 177 of the Companies Act, 2013 for stakeholders including directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethical policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism.

During the year under review, no personnel was denied access to the Audit Committee. The policy is posted on the website of the Company at [https://www.pitti.in/investordesk/Docs/Client/CLT1/Whistle%20Blower%20Policy%20%20Vigil%20Mechanism%20Policy%20\(Effective%20from%20April%201,%202019\).pdf](https://www.pitti.in/investordesk/Docs/Client/CLT1/Whistle%20Blower%20Policy%20%20Vigil%20Mechanism%20Policy%20(Effective%20from%20April%201,%202019).pdf)

Internal Control Systems and their Adequacy

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new / revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal audit is entrusted to M/s. SVD & Associates, Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

Further, the Statutory Auditors of the Company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended 31st March 2023, which forms part to the Statutory Auditors Report.

Risk Management

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks help in maximizing returns. The Company has an elaborate risk management framework in place, which helps in identifying the risks and proper mitigation thereof and lays down the procedure for risk assessment and its mitigation through a Risk Management Committee. The risk management framework is periodically reviewed by the Board and the Audit Committee. The major risks which may pose challenges are set out in the Management Discussion and Analysis which forms an integral part of this report.

The Company has constituted a Risk Management Committee, details of the same are set out in the Corporate Governance Report. A Risk Management Policy has been formulated and adopted pursuant to the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Corporate Social Responsibility

As per the provisions of section 135 of the Companies Act, 2013 the mandated spend on CSR activities for the financial year 2022-23 is ₹ 90.39 lakhs. During the year under review, your Company has spent ₹ 21.61 lakhs on CSR activities. The surplus amount of ₹ 69.48 lakhs spent during the financial year 2021-22 is being set off against the required CSR spend for the financial year 2022-23 thereby aggregating the CSR spent to ₹ 91.09 lakhs as per the provisions of the Companies Act, 2013.

The Annual report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with section 134(3) and 135(2) of the Companies Act, 2013, as amended, has been annexed as Annexure-3 and forms an integral part of this report.

The policy for Corporate Social Responsibility is available on the website of the Company, [https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2022/CSR%20Policy%20\(Effective%20from%20April%201,%202021\).pdf](https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2022/CSR%20Policy%20(Effective%20from%20April%201,%202021).pdf)

Particulars of Loans, Guarantees and Investments

The Company has not given any loans, guarantees or security in connection with loans or made any investments during the year under review.

Related Party Transactions

All transactions entered with related parties during the year under review were on arm's length basis and in the ordinary course of business and is in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The material related party transactions entered by the Company are made with the approval of the Members. The information on transactions with related parties is given in Annexure-4 in Form No.AOC-2 and the same forms part of this report.

All related party transactions are placed before the Audit Committee and omnibus approval is obtained for transactions which are of repetitive nature.

The policy on related party transactions as approved by the Board of Directors has been uploaded on the website of the Company at [https://www.pitti.in/investordesk/Docs/Client/CLT1/Policy%20on%20Related%20Party%20Transaction%20\(Effective%20from%20April%201,%202022\).pdf](https://www.pitti.in/investordesk/Docs/Client/CLT1/Policy%20on%20Related%20Party%20Transaction%20(Effective%20from%20April%201,%202022).pdf)

Extract of Annual Return

Pursuant to the provisions of Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended, the Annual Return of the Company as on 31st March 2023 is available on the website of the Company at <https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2023/Annual%20Return%20FY%202022-23.pdf>

Secretarial Standards

During the year under review, your Company has complied with all the applicable secretarial standards. The same has also been confirmed by Secretarial Auditors of the Company.

Management Discussion and Analysis

The Management Discussion and Analysis Report on the operations of the Company as required under SEBI Listing Regulations is provided in a separate section and forms an integral part of this Report.

Business Responsibility and Sustainability report

The Business Responsibility and Sustainability Report as stipulated under Regulation 34 (2)(f) of the SEBI Listing Regulations is applicable to your Company and the same forms an integral part of this Report.

Corporate Governance Report

As per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, a detailed report on corporate governance, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

Auditors and Auditor's Report

Statutory Auditors

In terms of Section 139 of the Companies Act, 2013 and the rules made thereunder Talati & Talati LLP, Chartered Accountants, (ICAI Firm Registration Number.110758W/W100377) were appointed as Statutory Auditors of the Company for a term of five consecutive years to hold office from conclusion of 38th Annual General Meeting ("AGM") till the conclusion of the 43rd AGM of the Company.

The notes on the financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Statutory Auditors of the Company have not reported any fraud under Section 143(12) of the Companies Act, 2013.

Cost Auditors

The Company is required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are maintained by the Company.

The Board of Directors, on the recommendation of Audit Committee has appointed M/s.S S Zanwar & Associates, Cost Accountants (Firm Registration No.100283) as the Cost Auditors to audit the cost accounts of the Company for the financial year 2023-24. As required under the Companies Act, 2013 a resolution seeking Member's ratification for the remuneration payable to the cost auditor forms part of the notice convening the 39th AGM.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board has appointed Shri Ajay Kishen, Practising Company Secretary (CP. No. 5146) to conduct Secretarial Audit for the Financial Year 2022-23. The Secretarial Audit Report for the financial year ended 31st March 2023 is annexed to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Acknowledgement

Your Directors wish to place on record their appreciation for the dedicated service and contribution made by the employees of the Company at all levels. Your Directors would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from its customers, suppliers, bankers, financial institutions, government authorities, business partners and other stakeholders.

For and on behalf of the Board of Directors

Sharad B Pitti

Place : Hyderabad
Date : 29th May 2023

Chairman & Managing Director
DIN: 00078716

Annexure-1

Annexure to the Directors' Report

[Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. Conservation of Energy

i. Steps taken or impact on conservation of energy

Nil

ii. Steps taken by the Company for utilising alternate sources of energy

The 1 MW solar plant installed at the Aurangabad facility has resulted in reduction of carbon emissions by 701 MT during the year 2022-23. Solar energy solutions is a significant step toward sustainable and clean energy generation.

iii. Capital investment on energy conservation equipment.

Nil

B. Technology Absorption

i. Efforts made towards technology absorption

Upgradation of machines with the latest technology by replacing old mechanical & electrical parts by using servo motors with drives, PLC & HMI panels, resulting in improved product output and decrease in energy consumption.

ii. Benefits derived like product improvement, cost reduction, product development or import substitution

Product improvement & new product development led to increase in overall output capacity.

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- the details of technology imported: Nil
- the year of import: NA
- whether the technology been fully absorbed: NA
- if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

iv. The expenditure incurred on Research and Development:

Nil

C. Foreign exchange earnings and outgo

| Particulars | ₹ in lakhs | |
|---------------------------------|------------|-----------|
| | 2022-23 | 2021-22 |
| Foreign exchange earnings | 37,166.63 | 26,480.31 |
| CIF Value of imports | 8,629.71 | 15,996.19 |
| Expenditure in foreign currency | 402.11 | 210.07 |

For and on behalf of the Board of Directors

Sharad B Pitti

Place : Hyderabad
Date : 29th May 2023

Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 29th May 2023

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director
DIN: 00078716

Particulars of Remuneration

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year and percentage increase in the remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

| Name and Designation | Ratio of Remuneration to the median remuneration of the employees | Percentage increase in the remuneration |
|---|---|---|
| Shri Sharad B Pitti, Chairman & Managing Director | 31.90:1 | Nil |
| Shri Akshay S Pitti, Vice-Chairman & Managing Director | 31.90:1 | Nil |
| Shri M Pavan Kumar* Chief Financial Officer | NA | NA |
| Ms. Mary Monica Braganza, Company Secretary & Compliance officer | 9.93:1 | 34.17% |

* Shri Nand Kishore Khandelwal, President Corporate Resources & CFO resigned on 13th April 2022. Shri M Pavan Kumar was appointed as Chief Financial Officer on 12th November 2022. Since the remuneration is only for part of the year, the % increase in remuneration is not comparable and hence not stated.

The Non-Executive Directors of the Company are entitled to sitting fees as approved by the Board, hence the ratio of remuneration and percentage increase for Non-Executive Directors remuneration is not stated.

- Percentage increase in the median remuneration of employees in the financial year was 12.06%.
- Number of permanent employees on the rolls of the Company: There were 1331 employees on the rolls as on 31st March 2023.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentage increase in the salaries of employees other than the managerial personnel in the financial year 2022-23 is 10.61%. There has been no increase in the remuneration of managerial personnel for the financial year ended 31st March 2023.

- Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company affirms that the remuneration is as per the remuneration policy of the Company.

Annexure-3

Annual report on Corporate Social Responsibility Activities

[Pursuant to the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline on CSR Policy of the Company

Social and environmental responsibility has always been at the forefront of our operating philosophy and the Company has consistently contributed to socially responsible activities. CSR portrays the deep symbiotic relationship that the Company enjoys with the communities it is engaged with.

The Company's CSR Policy is in alignment with the provisions of the Companies Act, 2013. The activities undertaken include projects in urban and rural development, protection of national heritage, art and culture, welfare activities, women empowerment, eradicating hunger, promoting health care and education.

2. Composition of CSR Committee

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|---------------------|---|--|--|
| 1. | Shri Sharad B Pitti | Chairman, Executive Director | 2 | 2 |
| 2. | Shri Akshay S Pitti | Member, Executive Director | 2 | 2 |
| 3. | Shri G Vijaya Kumar | Member, Independent, Non-Executive Director | 2 | 2 |

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

The weblinks are as follows:

Composition of CSR Committee

<https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2023/Composition%20of%20Board%20Committees.pdf>

CSR Policy

[https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2022/CSR%20Policy%20\(Effective%20from%20April%201,%202021\).pdf](https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2022/CSR%20Policy%20(Effective%20from%20April%201,%202021).pdf)

CSR Projects

<https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2023/CSR%20Annual%20Action%20Plan%20%20FY%202022-23.pdf>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule(3) of rule 8, if applicable.

Not applicable. The Company does not have an average CSR obligation of ₹ 10 Crores or more in the 3 immediately preceding financial years as specified in Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

| | ₹ in lakhs |
|---|------------|
| 5. (a) Average net profit of the Company as per sub-section (5) of section 135 | 4519.71 |
| (b) Two percent of average net profit of the Company as per sub-section (5) of section 135 | 90.39 |
| (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years | Nil |
| (d) Amount required to be set-off for the financial year, if any | 69.48 |
| (e) Total CSR obligation for the financial year [(b)+(c)-(d)] | 20.91 |

| | ₹ in lakhs |
|---|------------|
| 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) | 21.61 |
| (b) Amount spent in Administrative Overheads | Nil |
| (c) Amount spent on Impact Assessment, if applicable | Nil |
| (d) Total amount spent for the Financial Year [(a)+(b)+(c)] | 21.61 |
| (e) CSR amount spent or unspent for the Financial Year: | |

| Total Amount Spent for the Financial Year | Amount Unspent (₹ in lakhs) | | | | |
|---|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135 | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 21.61 | NIL | NIL | NIL | NIL | NIL |

(f) Excess amount for set-off, if any:

| Sl. No. | Particular | Amount (₹ in lakhs) |
|---------|---|---------------------|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the Company as per sub-section (5) of section 135 | 90.39 |
| (ii) | Total amount spent for the Financial Year* | 91.09 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | 0.70 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | Nil |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | 0.70 |

* Includes excess amount of ₹ 69.48 lakhs spent in financial year 2021-22 and available for set off in financial year 2022-23

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 | Balance amount in unspent CSR account under sub-section (6) of section 135 | Amount spent in the financial year | Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | Amount remaining to be spent in succeeding financial years. | Deficiency, if any |
|---------|-----------------------------|--|--|------------------------------------|--|---|--------------------|
| | | | | | Amount Date of transfer | | |
| | | | | | | | Nil |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year

No

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135:

Not applicable

Place : Hyderabad
Date : 29th May 2023

Sharad B Pitti
Chairman & Managing Director
Chairman - CSR Committee
DIN:00078716

Annexure-4

FORM NO. AOC-2

Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis.

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2023 which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis.

The details of contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2023 are given below:-

| Name of the related party and nature of relationship | Nature of contracts / arrangements | Duration of the contract / arrangements / transactions and salient terms | Amount ₹ in lakhs |
|---|--|---|-------------------|
| Shri Sharad B Pitti Chairman & Managing Director (KMP) | Lease rentals paid for office and factory premises | Ongoing [Lease of Office premise for a period of 20 years from 1st April 2018, Plant II for a period of 10 years from 1st November 2016 and Plant IV for a period of 30 years from 1st November 2016. The lease rentals are at arms length] | 104.16 |
| Smt Madhuri S Pitti Spouse of Shri Sharad B Pitti | | | 194.57 |
| Pitti Castings Private Limited Enterprise over which KMP or relative of KMP having significant influence | Purchase and Sale of goods & services | Ongoing [Purchase and sale of goods & services at arm's length. Advance, if any as per terms of contract are adjusted against the invoice.] | 9,161.74 |
| Pitti Electrical Equipment Private Limited Entity having significant influence over the entity | Purchase of goods & services | Ongoing [Purchase of goods & services at arm's length. Advance, if any as per terms of contract are adjusted against the invoice.] | 836.18 |
| Pitti Trade and Investment Private Limited Enterprise over which KMP or relative of KMP having significant influence | Rental Income | Ongoing [Sublease of office premise for a period of 19 years from 21st June 2019, the lease rentals are at arms length] | 1.65 |
| Pitti Rail and Engineering Components Limited Wholly Owned Subsidiary | Rental Income | [Sublease of office premise upto 30th June 2022, the lease rentals are at arms length] | 0.38 |
| Shri Akshay S Pitti Vice Chairman & Managing Director (KMP) | Unsecured loans Received | Ongoing [Availing of unsecured loan/borrowings/ advances for principal business activities of the company on such terms and conditions as may be agreed such that the interest rate is not exceeding the rate charged by the lead consortium banker of the Company and the terms are in compliance with the loan covenants of the facility agreements] | 2,700.00 |
| | Repaid | | 5,210.00 |
| | Interest on unsecured loans | | 144.14 |
| Pitti Electrical Equipment Private Limited Entity having significant influence over the entity. | Inter Corporate Deposits Received | | 5,575.00 |
| | Repaid | | 3,065.00 |
| | Interest on Inter corporate deposits | | 145.20 |
| Smt Radhika A Pitti Spouse of Shri Akshay S Pitti | Remuneration | Ongoing [As per terms of employment] | 15.21 |

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 29th May 2023

Secretarial Audit Report

For The Financial Year Ended on 31st March 2023

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Pitti Engineering Limited
Hyderabad

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pitti Engineering Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.;
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [Not applicable to the company during the Audit period];
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [Not applicable to the company during the Audit period];
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [Not applicable to the company during the Audit period];
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; [Not applicable to the company during the Audit period];
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company are:
 1. Factories Act, 1948,
 2. Payment of Wages Act, 1936, and rules made thereunder,
 3. The Minimum Wages Act, 1948, and rules made thereunder,
 4. Employee's State Insurance Act, 1948, and rules made thereunder,

5. The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
6. The Payment of Bonus Act, 1965, and rules made thereunder,
7. Payment of Gratuity Act, 1972, and rules made thereunder,
8. The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975,
9. Industrial Disputes Act, 1947,
10. The Air (Prevention and Control of Pollution) Act, 1981,
11. The Environment (Protection) Act, 1986,
12. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008,
13. Contract Labour (Regulation and Abolition Act), 1970,
14. Maternity Benefit Act, 1961
15. Child Labour (Prohibition and Regulation) Act, 1986,
16. Industrial Employment (Standing Orders) Act, 1946,
17. Employee's Compensation Act, 1976
18. Equal Remuneration Act, 1976,
19. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959,

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors and Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Regulations.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

I further report that during the audit period under review the shareholders of the Company approved by way of postal ballot on 23rd May 2022 the Re-appointment of Mr. Sharad B Pitti as Chairman and Managing Director.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period of the Company no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Ajay Kishen

Practicing Company Secretary

Place: Hyderabad

M.No: 6298 CP:5146

Date: 29th May 2023

UDIN: FO06298E000403860

Note: This report is to be read with my letter of even date which is annexed as **'ANNEXURE A'** and forms an integral part of this report.

'ANNEXURE A'

To,
The Members,
Pitti Engineering Limited
Hyderabad

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad

Date: 29th May 2023

Ajay Kishen

Practicing Company Secretary

M.No: 6298 CP:5146

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the Entity

| | | |
|-----|---|--|
| 1. | Corporate Identity Number (CIN) of the Company | L29253TG1983PLC004141 |
| 2. | Name of the Company | Pitti Engineering Limited |
| 3. | Year of Incorporation | 17-Sep-1983 |
| 4. | Registered office address | 6-3-648/401, IV Floor, Padmaja Landmark, Somajiguda, Hyderabad – 500 082 |
| 5. | Corporate office address | Same as above |
| 6. | E-mail Id | shares@pitti.in |
| 7. | Telephone | 91 40-23312774/ 23312770 |
| 8. | Website | www.pitti.in |
| 9. | Financial year for which reporting is being done | 1 st April 2022 to 31st March 2023 |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE Limited National Stock Exchange of India Limited |
| 11. | Paid-up capital | ₹ 1602.50 Lakhs |
| 12. | Name and contact details of the person who may be contacted in case of any queries on the BRSR report | Shri Sandip Agarwala President - Operations & Marketing Email: brsr@pitti.in Contact: 91 40-23312774/ 23312770 |
| 13. | Reporting boundary | Standalone |

II. Products/Services

14. Details of business activities

| S. No. | Description of main activity | Description of business activity | % Turn over |
|--------|------------------------------|---|-------------|
| 1 | Manufacturing | Electrical laminations, sub-assemblies for motor cores and generators, die-cast rotors and machining of metal components. | 100% |

15. Products/services sold by the entity.

| S. No. | Product/Service | NIC Code | % of total turnover contributed |
|--------|--|--------------------|---------------------------------|
| 1 | Electrical Laminations and stampings | 2591 | 69% |
| 2 | Machining of metal components | 25920 | 17% |
| 3 | Others- Metal scrap, traded goods, and tools | 3830, 46699, 28229 | 14% |

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated.

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 3 | 1 | 4 |
| International | | Nil | |

17. Markets served by the entity.

a. Number of locations

| Location | Number |
|----------------------------------|-----------------------------------|
| National (No. of states) | 28 States and 8 Union Territories |
| International (No. of countries) | 11 |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports - 33%

c. A brief on types of customers

The Company serves Business-to-Business customers. The Company's products find application in diverse sectors like hydro and thermal generation, windmill, mining, cement, steel, sugar, construction, lift irrigation, freight rail, passenger rail, mass urban transport, E-mobility, appliances, medical equipment, oil & gas and several other Industrial applications.

IV. Employees

18. Details as of March 31, 2023

a. Employees and workers (including differently abled)

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|--------------------------------|-------------|-------------|--------------|-----------|-------------|
| | | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| Employees | | | | | | |
| 1. | Permanent (D) | 668 | 648 | 97.01 | 20 | 2.99 |
| 2. | Other than permanent (E) | Nil | Nil | Nil | Nil | Nil |
| 3. | Total Employees (D + E) | 668 | 648 | 97.01 | 20 | 2.99 |
| Workers | | | | | | |
| 1. | Permanent (F) | 663 | 663 | 100.00 | Nil | Nil |
| 2. | Other than permanent (G) | 1170 | 1161 | 99.23 | 9 | 0.77 |
| 3. | Total Workers (F + G) | 1833 | 1824 | 99.51 | 9 | 0.49 |

b. Differently abled Employees and Workers:

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--------------------------------|-----------|----------|------------|---------|---------|
| | | | No. (B) | % (B/A) | No. (C) | % (C/A) |
| Differently Abled Employees | | | | | | |
| 1. | Permanent (D) | 1 | 1 | 100 | | |
| 2. | Other than permanent (E) | Nil | Nil | Nil | Nil | |
| 3. | Total Employees (D + E) | 1 | 1 | 100 | | |
| Differently Abled Workers | | | | | | |
| 1. | Permanent (F) | | | | | |
| 2. | Other than permanent (G) | | | Nil | | |
| 3. | Total Workers (F + G) | | | | | |

19. Participation/inclusion/representation of women.

| S. No. | Total (A) | No. and percentage of Females | |
|--------------------------|-----------|-------------------------------|---------|
| | | No. (B) | % (B/A) |
| Board of Directors | 7 | 1 | 14.29 |
| Key Management Personnel | 2 | 1 | 50.00 |

Executive Directors who are KMP are included in Board of Directors. Chief Financial Officer and Company Secretary are shown in KMP.

20. Turnover rate for permanent employees and workers

| | FY 2023 | | | FY 2022 | | | FY 2021 | | |
|---------------------|---------|--------|-------|---------|--------|-------|---------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 7.68 | 0 | 7.68 | 5.69 | 1.78 | 5.59 | 4.37 | 3.44 | 4.35 |
| Permanent Workers | 7.36 | 0 | 7.36 | 4.99 | 0 | 4.99 | 5.66 | 0 | 5.66 |

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding/ subsidiary/ associate companies/ joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated in column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|--|--|-----------------------------------|---|
| 1 | Pitti Rail and Engineering Components Limited | Wholly Owned Subsidiary | 100% | Yes |

22. CSR Details

- (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
- (ii) Turnover: 109,476.20 lakhs
- (iii) Net worth: 33,408.67 lakhs

VI. Transparency and Disclosures Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanisms in Place (Yes/No) | FY 2023 | | | FY 2022 | | | |
|---|--|--|--|--|---------|--|--|---------|
| | | (If yes, then provide web-link for grievance redress policy) | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes Refer link below | | Nil | Nil | NA | Nil | Nil | NA |
| Investors (other than shareholders) | | | Nil | Nil | NA | Nil | Nil | NA |
| Shareholders | | | 2 | Nil | NA | 8 | Nil | NA |
| Employees and workers | | | Nil | Nil | NA | Nil | Nil | NA |
| Customers | | | 14 | Nil | NA | 11 | Nil | NA |
| Value Chain | | | Nil | Nil | NA | Nil | Nil | NA |
| Partners | | | | | | | | |

<https://www.pitti.in/investordesk/Docs/Client/CLTI/fy2023/Grievance%20Redressal.pdf>

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications:

| S. No. | Material issue identified | Indicate whether risk or opportunity | Rationale for identifying the risk/ opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------|---|--------------------------------------|--|--|--|
| 1 | Health and Safety | Risk | Occupational hazards may endanger the safety of our employees and communities around our manufacturing locations. | Increased automation with extra focus on workmen's safety helps to manage and improve Health and Safety performance. | Negative |
| 2 | ESG | Opportunity | Following through on Environment, Social and Governance commitments to regulators, customers and investors enables the Company to secure its reputation and future business opportunities. | | Positive |
| 3 | Employee Retention and Talent Development | Risk | The Company requires employees of a special skill set. Given there are very few companies in this genre of business who operate around the Company's plants, retention is important. | Multiple learning and development programs to upskill and reskill people Robust system for acquiring and retaining the right talent | Negative |
| 4 | Cybersecurity | Risk | Increased digitalization and automation exposes the Company to new risks including data breaches, identity theft and other types of cybercrime. | Establishing strong cybersecurity systems that can avoid any kind of data breach and pose threat to the company's values. | Negative |
| 5 | Regulatory Compliance | Risk | Failure to comply with relevant laws and regulations may result in legal and financial penalties. | Creating a strong ethical organisational culture with a focus on transparency and Compliance. | Negative |
| 6 | Social Responsibility | Opportunity | Ensuring goodwill with local, and marginalized communities through the community development. | | Positive |

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|--|----|----|----|----|----|----|----|----|
| Policy and management process: | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Y | Y | Y | Y | Y | Y | N | Y | Y |
| b. Has the policy been approved by the Board? (Yes/No) | The Policies are approved by the Board or the Vice-Chairman & Managing Director of the Company, based on the nature of the Policy and the associated regulatory requirements. | | | | | | | | |
| c. Web Link of the Policies, if available | The Corporate policies of the Company can be viewed at weblink https://www.pitti.in/investor_desk/investors_d_p.php Other policies are available internally in the Company | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | | | | | | | | |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | Yes | | | | | | | | |
| 4. Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | ISO 14001-2015 ISO 9001-2015 | | | | | | | | |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | The Company is in the process of setting up specific commitments, goals and targets in FY 2023-24 and reporting shall be made accordingly from next financial year. | | | | | | | | |
| 6. Performance of the entity against specific commitments, goals, and targets along-with reasons in case the same are not met. | Not Applicable | | | | | | | | |

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

One of our primary imperatives is to do business in a responsible and sustainable manner. We began tracking and reporting our Green House Gas (GHG) emissions across Scopes 1, 2, and 3 with the base year set at 2021-2022. We also strive to optimise our water use, electricity consumption, and waste generation. By doing so, we ensure compliance with statutory requirements and gain a comprehensive understanding of our resource utilisation and waste management practices.

We are also actively exploring renewable energy sources like solar power to further lower our Scope 2 GHG emissions. During fiscal year 2022-23, the solar power plant at the Aurangabad Plant generated about 1.8MWh units, which not only reduced our dependency on the grid, but also helped in reduction of carbon emissions by 701 MT during the year 2022-23.

Employee well-being is critical to maintain a positive and productive work environment. Investing in employee well-being boosts morale, increases engagement, and eventually contributes to the organisation's growth and success. The safety of employees and workers is of the highest priority. We ensure that all workplaces are safe, and that all employees and workers are appropriately trained in health and safety. We achieved zero injuries by regularly monitoring the workplace. Social responsibility is maintained through promoting and supporting local communities.

We acknowledge the need of robust governance in our journey towards sustainability. We are embracing digitisation in order to simplify our operations and improve our cyber-security measures.

Our Whistleblower Policy, Code of Conduct, and Integrity standards govern the actions of our employees and Board members. Moreover, our recently introduced enterprise risk management programme intends to actively address significant business-wide risks that remain relevant in the medium term. We safeguard the integrity and resilience of our systems through different governance approaches.

Akshay S Pitti

Vice Chairman & Managing Director

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|--|----|----|----|----|----|----|----|----|
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Shri Akshay S Pitti (DIN 00078760), Vice-Chairman & Managing Director, under the guidance of the Board of Directors and its Committees is responsible for implementation and oversight of the Business Responsibility policies. | | | | | | | | |
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes. The Risk Management Committee of the Company oversees the factors related to the Environment, Social and Governance aspects and provides adequate inputs to the Board of Directors. The Corporate Social Responsibility Committee oversees the social factors and provides necessary insights to the Board of Directors. For details on the Committees please refer to the Report on Corporate Governance in the Annual Report. | | | | | | | | |

10. Details of Review of NGRBCs by the Company

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|--|---|----|----|----|----|----|----|----|----|--|----|----|----|----|----|----|----|----|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | The policies of the Company are reviewed by Department Heads / Board Committees and Board of Directors wherever applicable. | | | | | | | | | Reviewed at frequency stated in respective policies or on need basis. | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances | The status of compliance with all applicable statutory requirements is reviewed by the Board. | | | | | | | | | Quarterly | | | | | | | | |

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|--|----|----|----|----|----|----|----|----|
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency | No. The policies and processes are subject to audits / reviews done internally in the Company from time to time. | | | | | | | | |

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

| Questions | P7 |
|---|--|
| The entity does not consider the principles material to its business (Yes/No) | No |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | No |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | No |
| It is planned to be done in the next financial year (Yes/No) | No |
| Any other reason (please specify) | There is no specific policy outlined for Principle 7. The Company through associations /institutions / trade and industry chambers strives to advocate and pursue various causes that are in the larger interest of the industry, economy, society and public. |

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

PRINCIPLE – 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year

| Segment | Total number of training and awareness programmes held | Topics/ principles covered under the training and its impact | % of persons in respective category covered by the awareness programmes |
|---|--|---|---|
| Board of directors Key Managerial Personnel | 5 | The Board and KMP engage in awareness sessions pertaining to business, strategy, risk, and regulatory. A training session on the 9 NGRBC principles was also conducted during the year. | 100% |
| Employees other than BOD and KMPs Workers | 75 | The employees / workers undergo various trainings /awareness sessions such as induction training at the time of joining and leadership, policy, safety, environment, social, governance, occupational health, mental health, soft skills, risk management, function specific technical and compliance training during the course of employment. | 76.85% |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

| Monetary | | | | | |
|-----------------|-----------------|---|-------------------|--|--|
| | NGRBC Principle | Name of the regulatory / enforcement agencies / judicial institutions | Amount (₹) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Penalty/ Fine | | | | | |
| Settlement | | | Nil | | |
| Compounding Fee | | | | | |
| Non-Monetary | | | | | |
| | NGRBC Principle | Name of the regulatory / enforcement agencies / judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) | |
| Imprisonment | | | | | |
| Punishment | | | Nil | | |

3. Of the instances disclosed in Question 2 above, details of the appeal/revision preferred in cases where monetary or non-monetary action has been appealed.

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institution |
|--------------|--|
| | Not Applicable |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has an integrity policy that covers all the aspects of anti-bribery and anti-corruption for all employees and is available internally. The Company has also adopted a Code of Conduct applicable to the Board of Directors and senior management personnel of the Company. The members of the Board of Directors and senior management personnel of the Company are required to affirm on an annual compliance of this code. Weblink: <https://www.pitti.in/investordesk/Docs/Client/CLTI/Code%20of%20Conduct.pdf>

5. Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

| | FY 2023 | FY 2022 |
|-----------|---------|---------|
| Directors | | |
| KMPs | Nil | Nil |
| Employees | | |
| Workers | | |

6. Details of complaints with regard to conflict of interest

| | FY 2023 | | FY 2022 | |
|--|---------|---------|---------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of conflict of interest of directors | Nil | Nil | Nil | Nil |
| Number of complaints received in relation to issues of conflict of interest of KMPs | | | | |

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/ action taken by regulators/ law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

PRINCIPLE – 2 BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | FY 2023 | FY 2022 | Details of improvements in environmental and social impacts |
|-------|---------|---------|--|
| R&D | Nil | Nil | Nil |
| Capex | Nil | 0.98% | A 1 MW solar power plant was installed at the Aurangabad facility in FY 2022 which contributed to reduction of carbon emissions by 701 MT during the year 2022-23. |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

- b. If yes, what percentage of inputs were sourced sustainably?

75%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

End of life procedures are currently not mandated for the Company as Extended Producer Responsibility is not applicable.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not applicable.

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

1. a. Details of measures for the well-being of employees

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|---------------------|------------|
| | Total (A) | Health insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day care facilities | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) | No. (E) | % (E/A) | No. (F) | % (F/A) |
| Permanent Employees | | | | | | | | | | | |
| Male | 648 | 648 | 100 | 648 | 100 | NA | NA | | | | |
| Female | 20 | 20 | 100 | 20 | 100 | 20 | 100 | Nil | | Nil | |
| Total | 668 | 668 | 100 | 668 | 100 | 20 | 100 | | | | |
| Other than Permanent Employees | | | | | | | | | | | |
| Male | | | | | | | | | | | |
| Female | Nil | | | | | NA | | | | | |
| Total | | | | | | | | | | | |

- b. Details of measures for the well-being of workers

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|---------------------|------------|
| | Total (A) | Health insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day care facilities | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | No. (D) | % (D/A) | No. (E) | % (E/A) | No. (F) | % (F/A) |
| Permanent Workers | | | | | | | | | | | |
| Male | 663 | 663 | 100 | 663 | 100 | NA | NA | | | | |
| Female | Nil | NA | NA | NA | NA | NA | NA | | | Nil | |
| Total | 663 | 663 | 100 | 663 | 100 | NA | NA | | | | |
| Other than Permanent Workers | | | | | | | | | | | |
| Male | 1161 | 1161 | 100 | 1161 | 100 | NA | NA | | | | |
| Female | 9 | 9 | 100 | 9 | 100 | NA | NA | | | Nil | |
| Total | 1170 | 1170 | 100 | 1170 | 100 | NA | NA | | | | |

2. Details of retirement benefits for the current and previous financial year

| Benefits | FY 2023 | | | FY 2022 | | |
|--------------------------------|---|--|--|--|--|--|
| | No. of employees covered as a % of total employee | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100.00 | 100.00 | Yes | 100 | 100 | Yes |
| Gratuity | 100.00 | 100.00 | Yes | 100 | 100 | Yes |
| Employee State Insurance (ESI) | 24.70 | 88.81 | Yes | 33.11 | 92.51 | Yes |

3. Accessibility of workplaces

Are the premises/offices accessible to differently abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company firmly upholds its commitment to providing equal opportunities for all individuals. We ensure that all job applicants and employees are treated with fairness and equality, regardless of gender, marital status, disability, race, color, religion, age, sexual orientation, nationality, or ethnic/national origins. The Policy is available internally in the Company.

5. Return to work and retention rates of permanent employees that took parental leave.

Nil

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

| | Yes/No (If yes, then give details of the mechanism in brief) |
|--------------------------------|--|
| Permanent Employees | Yes. |
| Other than Permanent Employees | The Company has a three-stage Grievance Redressal mechanism with an appropriate forum for each stage. For grievances pertaining to sexual harassment, the ICC Committee may be approached. The Whistle Blower Policy of the Company enables persons to freely communicate their concerns on illegal or unethical practices by writing to the dedicated mail. |
| Permanent Workers | |
| Other than Permanent Workers | |

7. Membership of employees and worker in association(s) or unions recognised by the listed entity

No Unions existing.

8. Details of training given to employees and workers

| Category | FY 2023 | | | | | FY 2022 | | | | |
|------------------|------------|-------------------------------|--------------|----------------------|--------------|------------|-------------------------------|--------------|----------------------|--------------|
| | Total (A) | On health and safety measures | | On skill upgradation | | Total (D) | On health and safety measures | | On skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Male | 648 | 398 | 61.42 | 78 | 12.04 | 605 | 361 | 59.67 | 74 | 12.23 |
| Female | 20 | 0 | 0 | 0 | 0 | 14 | 9 | 64.29 | 1 | 7.14 |
| Total | 668 | 398 | 59.58 | 78 | 11.68 | 619 | 370 | 59.77 | 75 | 12.12 |
| Workers | | | | | | | | | | |
| Male | 663 | 220 | 33.18 | 50 | 7.54 | 701 | 190 | 27.10 | 29 | 4.14 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 663 | 220 | 33.18 | 50 | 7.54 | 701 | 190 | 27.10 | 29 | 4.14 |

9. Details of performance and career development reviews of employees and worker

| Category | FY 2023 | | | FY 2022 | | |
|------------------|------------|------------|--------------|------------|------------|--------------|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| Employees | | | | | | |
| Male | 648 | 524 | 80.86 | 605 | 519 | 85.79 |
| Female | 20 | 14 | 70.00 | 14 | 12 | 85.71 |
| Total | 668 | 538 | 80.54 | 619 | 531 | 85.78 |
| Workers | | | | | | |
| Male | 663 | 590 | 88.99 | 701 | 537 | 76.60 |
| Female | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 663 | 590 | 88.99 | 701 | 537 | 76.60 |

10. Health and safety management system

- a. Has an occupational health and safety management system been implemented by the entity? (Yes/ No). If yes, the coverage of such a system?

Yes, the Company has implemented an occupational health and safety management system that covers various aspects such as EHS plan & policy, work permits, environmental monitoring, risk assessment, safety guidelines, work instructions, occupational health centre, fire fighting equipment, annual medical checkups, compliance with legal requirements, hazards identification, safe working procedures, preventive maintenance, incident reporting, SOP maintenance, provision of PPE, safety committee meetings.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company utilizes various measures to identify and assess work-related hazards and risks, including:

- Hazard Identification and Risk Assessment (HIRA),
- Failure Modes and Effects Analysis (FMEA),
- Internal and external audits
- Why-Why analysis,
- Work permit system, and
- A near miss reporting system.
- Additionally, work zone monitoring and noise assessment analysis are conducted to ensure safety in the workplace.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes.

- d. Do the employees /worker have access to non-occupational medical and healthcare services? (Yes/ No)

Yes

11. Details of safety related incidents

| Safety Incident/Number | Category | FY 2023 | FY 2022 |
|---|-----------|---------|---------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| Total recordable work-related injuries | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| No. of fatalities (safety incident) | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 0 | 0 |

12. Describe the measures taken by the company to ensure a safe and healthy workplace.

The organisation places great importance on maintaining a safe and healthy workplace. The following are some of the steps taken to ensure a safe and healthy workplace:

- To provide a safe and healthy workplace, all applicable statutory requirements are followed and monitored at all times.
- All employees and workers get training on a range of topics pertaining to health and safety, including a health and safety induction programme for workers, job-specific training on the use of PPES, training on identifying and understanding all work-related hazards and risks, and so on.
- There is a planned emergency response strategy, which involves recognising potential risks and taking apt measures to mitigate them.
- The Company has established a number of safety procedures and equipment to maintain a healthy and safe working environment, including:
 - Installing safety sensors and light curtains
 - Setting up safety fencing around all revolving machines
 - Installing fire alarms, hydrant, and smoke detector systems
 - Regular ambient air monitoring to maintain a safe workspace
 - Providing appropriate personal protective equipment (PPE) for job requirements
 - Availability of safety showers

These measures collectively contribute to maintaining a secure and protected working environment.

13. Number of complaints on the following made by employees and workers

| | FY 2023 | | | FY 2022 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working conditions | | | | | | |
| Health and safety | | Nil | | | Nil | |

14. Assessments for the year

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100% |
| Working Conditions | 100% |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and significant risks / concerns arising from assessments of health and safety practices and working conditions.

There are no such instances of safety-related incidents / risks / concerns arising from assessments of health & safety practices and working conditions.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The stakeholders are identified based on the significance of their impact on the business and value creation. The Company focuses on developing trust-based relationships and understanding the priorities of its stakeholders to foster shared value.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Key Stakeholders | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others | Frequency of engagement (Annually/Half yearly/ Quarterly / Others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|------------------------------------|--|--|---|---|
| Employees | No | Email, Phone calls, SMS, Meetings, Notice Board, Training Programs, Foundation Day Celebration, Intranet. | Regular | Day to day activities / Conduct of business |
| Investors and Shareholders | No | Email, Website, Quarterly publication of results, Newspaper advertisements, Analysts/ Investor Calls, Annual General Meetings, Stock Exchange intimations. | Annually/Half yearly/ Quarterly/ Event basis | Compliance, Governance Practices |
| Communities | Yes | Physical Meetings / Reviews/ Assessments. | Event Based | CSR Programs and other Initiatives |
| Customers and Value Chain Partners | No | Email, Meetings, Survey, Phone calls, Websites. | Regular | Business/Project related |
| Government and Regulatory Bodies | No | Fillings and submissions, Engagement during visits to our facilities, Email and website | Event Based | To comply with applicable regulations |

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity.

| Category | FY 2023 | | | FY 2022 | | |
|------------------------|-------------|--|------------|-------------|--|------------|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| Employees | | | | | | |
| Permanent | 668 | 668 | 100 | 648 | 648 | 100 |
| Other than permanent | Nil | Nil | Nil | Nil | Nil | Nil |
| Total Employees | 668 | 668 | 100 | 648 | 648 | 100 |
| Workers | | | | | | |
| Permanent | 663 | 663 | 100 | 672 | 672 | 100 |
| Other than permanent | 1170 | 1170 | 100 | 1143 | 1143 | 100 |
| Total Workers | 1833 | 1833 | 100 | 1815 | 1815 | 100 |

2. Details of minimum wages paid to employees and workers

| Category | FY 2023 | | | | | | FY 2022 | | | | | |
|-----------------------------|-----------|-----------------------|---------|------------------------|---------|-----------|-----------------------|---------|------------------------|---------|--|--|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | | | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) | | |
| Permanent Employees | | | | | | | | | | | | |
| Male | 648 | Nil | Nil | 648 | 100 | 605 | Nil | Nil | 605 | 100 | | |
| Female | 20 | Nil | Nil | 20 | 100 | 14 | Nil | Nil | 14 | 100 | | |
| Other than Permanent | | | | | | | | | | | | |
| Male | | | | | | | | | | | | |
| Female | | | | | | | | | | | | |
| Permanent Workers | | | | | | | | | | | | |
| Male | 663 | Nil | Nil | 663 | 100 | 701 | Nil | NA | 701 | 100 | | |
| Female | Nil | NA | NA | NA | NA | Nil | NA | NA | NA | NA | | |
| Other than Permanent | | | | | | | | | | | | |
| Male | 1161 | Nil | Nil | 1161 | 100 | 1134 | Nil | Nil | 1134 | 100 | | |
| Female | 9 | Nil | Nil | 9 | 100 | 9 | Nil | Nil | 9 | 100 | | |

3. Details of remuneration/salary/Wages

| | Rs in Lakhs | | | |
|---------------------------------------|-------------|---|--------|---|
| | Male | | Female | |
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD) ¹ | 2 | 98.78 | Nil | NA |
| Key Managerial Personnel ² | 1 | NA | 1 | 30.75 |
| Employees other than BoD and KMP | 645 | 4.08 | 19 | 4.60 |
| Workers | 663 | 2.60 | Nil | NA |

Note: (1) Median remuneration is calculated only for Executive Directors; Independent Directors receive sitting fees which is not included above. (2) Median remuneration of Key Managerial Personnel (KMP) employed for the entire year is provided. Median remuneration of KMP viz., Chief Financial Officer employed for part of the year is not provided.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Any grievances concerning violations of human rights should be reported through the Grievance Policy Mechanism implemented by the Company. We ensure that all grievances received are thoroughly investigated, and appropriate actions are taken to resolve the issue or complaint. In cases where necessary, disciplinary actions are initiated as deemed fit.

6. Number of complaints on the following made by employees and workers.

| | FY 2023 | | | FY 2022 | | |
|-----------------------------------|-----------------------|---|---------|-----------------------|---|---------|
| | Filed during the year | Pending resolution at the end of the year | Remarks | Filed during the year | Pending resolution at the end of the year | Remarks |
| Sexual Harassment | | | | | | |
| Discrimination at workplace | | | | | | |
| Child Labour | | | | | | |
| Forced Labour/ Involuntary Labour | | Nil | | | Nil | |
| Wages | | | | | | |
| Other human rights related issues | | | | | | |

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has implemented Whistle Blower Mechanism where any discrimination and harassment cases can be directly brought to the notice of the Audit Committee. The Company also ensures protection against discrimination for employees who make disclosures or raise concerns under Grievance Redressal Mechanism.

8. Do human rights requirements form part of your business agreements and contracts?

Yes.

9. Assessments for the year

| | % of plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|--|
| Child labour | |
| Forced/involuntary labour | |
| Sexual harassment | |
| Discrimination at workplace | 100% |
| Wages | |
| Others – please specify | |

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No significant risk were identified.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity

| Parameter | FY 2023 | FY 2022 |
|---|--------------|--------------|
| Total electricity consumption (Giga Joules) (A) | 42179 | 40249 |
| Total fuel consumption (Giga Joules) (B) | 4158 | 3954 |
| Energy consumption through other sources (Giga Joules) (C) | 6643 | 714 |
| Total energy consumption (Giga Joules) (A+B+C) | 52980 | 44917 |
| Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (G/₹ crore) | 48.39 | 47.28 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

No.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water.

| Parameter | FY 2023 | FY 2022 |
|---|------------------------|------------------------|
| Water withdrawal by source (in kiloliters) | | |
| (i) Surface water | Nil | Nil |
| (ii) Groundwater | 532350 | 516988 |
| (iii) Third party water | Nil | Nil |
| (iv) Seawater / desalinated water | Nil | Nil |
| (v) Others | Nil | Nil |
| Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v) | 532350 | 516988 |
| Total volume of water consumption (in kiloliters) | 532350 | 516988 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 4.86 per lakh turnover | 5.44 per lakh turnover |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: No.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Our manufacturing facilities have an effective zero liquid discharge mechanism. We have installed Sewage Treatment Plants (STPs) at both locations for processing sewage and canteen wastewater. The Hyderabad Plant has a STP capacity of 40 KLD, whereas the Aurangabad Plant has a capacity of 30 KLD.

The treated water is used for gardening on the site, contributing to a sustainable water management system. In addition, the sludge generated is carefully digested in a controlled wetland located within the STP. The dried sludge is used as a fertilizer, reducing waste while promoting eco-friendly practices.

5. Please provide details of air emissions (other than GHG emissions)

| Parameter | Please specify unit | FY 2023 | FY 2022 |
|-------------------------------------|---------------------|---------|---------|
| NOx | Kgs | 99.41 | 147.36 |
| SOx | Kgs | 70.01 | 96.07 |
| Particulate matter (PM) | Kgs | 40.88 | 56.25 |
| Persistent organic pollutants (POP) | | Nil | Nil |
| Volatile organic compounds (VOC) | | NA | NA |
| Hazardous air pollutants (HAP) | | NA | NA |
| Others – please specify | | NA | NA |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. : No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity.

| Parameter | Please specify unit | FY 2023 | FY 2022 |
|---|--|---------|---------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 313.14 | 284.75 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 9344.61 | 8841.94 |
| Total Scope 1 and Scope 2 emissions | Metric tonnes of CO ₂ equivalent | 9657.75 | 9126.69 |
| Total Scope 1 and Scope 2 emission intensity per crore rupee of turnover | Metric tons of CO ₂ equivalent /Cr. | 8.82 | 9.61 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency : No

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details

We have installed a 1MW solar plant at our Aurangabad plant. This initiative not only reduced our reliance on the traditional power grid but also prevented the greenhouse gas emissions of over 701 MT of CO₂ equivalent from electricity consumption in the previous fiscal year.

8. Provide details related to waste management

| Parameter | FY 2023 | FY 2022 |
|---|------------------|------------------|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | 4.02 | 2.23 |
| E-waste (B) | 0.40 | 0.25 |
| Bio-medical waste (C) | 0.00 | 0.00 |
| Construction and demolition waste (D) | 0.00 | 0.00 |
| Battery waste (E) | 0.29 | 1.08 |
| Radioactive waste (F) | 0.00 | 0.00 |
| Other Hazardous waste (G) | 5.25 | 1.91 |
| Other Non-hazardous waste generated (H). (Break-up by composition i.e., by materials relevant to the sector) | 28,399.68 | 28,092.29 |
| Total (A+B+C+D+E+F+G+H) | 28,409.64 | 28,097.76 |

| Parameter | FY 2023 | FY 2022 |
|--|------------------|------------------|
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | | |
| a) Plastic waste | 4.02 | 2.23 |
| b) E-Waste | 0.40 | 0.25 |
| c) Construction and demolition waste | 0.00 | 0.00 |
| Total Recycled | 4.42 | 2.48 |
| (ii) Re-used | 28,399.68 | 28,092.29 |
| (iii) Other recovery operations | 5.54 | 2.99 |
| Total | 28,409.64 | 28,097.76 |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | 0 | 0 |
| (ii) Landfilling | 0 | 0 |
| (iii) Other disposal operations | 0 | 0 |
| Total | 0 | 0 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. : No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

In the endeavour to develop a sustainable ecosystem, we have been striving to create value by adopting 3R (Reduce, Reuse & Recycle) principles. At our manufacturing facilities, waste is categorized into hazardous and non-hazardous categories. Non-hazardous waste is further categorised as recyclable or non-recyclable. We manage waste in compliance with the OCP for Material Handling, with recyclable waste handled by state-authorized vendors who have been certified by the pollution control board. Battery recycling is facilitated by returning the batteries to the suppliers, whilst e-waste is processed by state-authorized recyclers. This necessitates a constant emphasis on three essential areas:

- Consuming less energy
- Recycling solid and liquid waste
- Recovering carbide, oils, and lubricants

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details.

No. We do not have any office or plant location around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws in the current financial year

None

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.

During the reporting period, there were no cases of non-compliance to applicable laws, regulations, guidelines in India. The Company is complying with all applicable environmental law/regulations/guidelines in India such as Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act, and rules thereunder.

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|----------------|---|---------------------------------------|---|---------------------------------|
| Not Applicable | | | | |

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.

5 (Five)

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/affiliated to:

| S. No. | Name of the trade and industry chambers / associations | Reach of trade and industry chambers/ associations (State/ National) |
|--------|--|--|
| 1. | Federation of Telangana Chamber of Commerce and Industry (FTAPCI) | State |
| 2. | Chamber of Marathwada Industries and Agriculture (CMIA) | State |
| 3. | Engineering Export Promotion Council (EEPC) | National |
| 4. | Indian Electrical & Electronics Manufacturers' Association (IEEMA) | National |
| 5. | Indo - German Chamber of Commerce (IGCC) | India and Germany |

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Nil

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

Not Applicable.

3. Describe the mechanisms to receive and redress grievances of the community.

Communities can reach out to the Company through mail or written communication for any grievances. The complaints or grievances received from Community is redressed by the respective Departments.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

| Particulars | FY 2023 | FY2022 |
|---|---------|--------|
| Directly sourced from MSMEs/Small Producers | 2.04 | 1.42 |
| Sourced directly from within the district and neighboring districts | 1.42 | 1.04 |

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Upon receiving a customer complaint, we promptly register and acknowledge it. The Quality Assurance Department studies the issue, prepares an interim reply, and shares it with the Marketing Department within 48 hours. We coordinate with the customer, implement corrective actions, and monitor their effectiveness. Repairs/reworks are conducted as needed, and the Quality Department ensures thorough inspections. The respective departments follow up on recommended corrective actions. We are committed to delivering zero defect products

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about environmental and social parameters relevant to the product, safe and responsible usage, recycling and/or safe disposal.

The Company manufactures electrical steel laminations, sub-assemblies for motor & generator cores, die-cast rotors and machined casted & fabricated parts and shafts. The customer uses these parts to build their final product. Therefore, product information is not applicable at this stage.

3. Number of consumer complaint in respect of the following:

| | FY 2023 | | Remarks | FY 2022 | | Remarks |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | | | | | | |
| Advertising | | | | | | |
| Cyber-security | | | | | | |
| Delivery of essential services | | Nil | | | Nil | |
| Restrictive Trade Practices | | | | | | |
| Unfair Trade Practices | | | | | | |
| Others | | | | | | |

4. Details of instances of product recalls on account of safety issues

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | | |
| Forced recalls | | Nil |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy.

Yes. The Company has an internally available policy on cyber security.

6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

Not applicable as there have been no reported incidents of such issues to date.

Report on Corporate Governance

Statement on Company's Philosophy on Code of Governance

Pitti Engineering Limited ("the Company") philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability and integrity and the Company has been practicing these principles of Corporate Governance over the years. Your Company firmly believes that Corporate Governance is an important instrument of investor protection, and essentially a system by which Companies are directed and controlled by the management in the best interest of all stakeholders.

Board of Directors

Composition of Board

As on 31st March 2023, the Board has seven Directors, comprising five Independent Directors, (including one Woman Director) and two Promoter Executive Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations.

Meetings of the Board

Minimum four prescribed Board meetings are held every year. Additional meetings are held to address specific needs of the

Company. In case of any exigency, emergency resolutions are passed by circulation. During the year under review, five meetings of the Directors were held on 11th April 2022, 23rd May 2022, 10th August 2022, 11th November 2022 and 14th February 2023. The gap between the meetings did not exceed 120 days.

The necessary quorum was present for all the meetings.

Detailed agenda containing management reports and other explanatory statements are circulated to the Board, the minimum information required to be made available to the Board as set out in Regulation 17 read with Part A of Schedule II of the SEBI Listing Regulations has been placed before the Board for its consideration. Such information is submitted either as part of the agenda papers in advance of the meetings or by way of presentations and discussions during the meetings.

Director's attendance record and their other Directorships / Committee memberships

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting and the number of Directorships and Committee Memberships / Chairmanships held by them as on 31st March 2023 is given below.

| Name of the Director | Category | Number of Board Meetings attended during the year 2022-23 | Whether attended last AGM held on 23.09.2022 | Number of Directorships in other Companies | Number of Committees Membership (s)/ Chairmanship(s) held in other public companies* | Names of the other Listed entities where the person is Director & category of Directorship |
|---|--------------------------------|---|--|--|--|--|
| Shri Sharad B Pitti Chairman & Managing Director DIN 00078716 | Promoter Executive Director | 3 | Yes | 6 | Nil | Nil |
| Shri Akshay S Pitti Vice-Chairman & Managing Director DIN 00078760 | Promoter Executive Director | 5 | Yes | 6 | Nil | Nil |
| Shri N R Ganti DIN 00021592 | Independent Non-Executive | 5 | Yes | Nil | Nil | Nil |
| Shri G Vijaya Kumar DIN 00780356 | Independent Non-Executive | 5 | Yes | Nil | Nil | Nil |

| Name of the Director | Category | Number of Board Meetings attended during the year 2022-23 | Whether attended last AGM held on 23.09.2022 | Number of Directorships in other Companies | Number of Committees Membership (s)/ Chairmanship(s) held in other public companies* | Names of the other Listed entities where the person is Director & category of Directorship |
|---|------------------------------|---|--|--|--|---|
| Shri M Gopalakrishna, DIN 00088454 | Independent Non-Executive | 5 | Yes | 7 [Incl. 2 as Chairman] | 8 | Suven Life Sciences Limited. Independent Director Olectra Greentech Limited. Independent Director BGR Energy Systems Limited. Independent Director The Andhra Petrochemicals Limited. Independent Director |
| Ms. Gayathri Ramachandran DIN 02872723 | Independent Non-Executive | 5 | Yes | Nil | Nil | Nil |
| Shri S Thiagarajan DIN 02721001 | Independent Non-Executive | 5 | Yes | Nil | Nil | Nil |
| Shri D V Aditya DIN 02847635 Appointed w.e.f. 10.08.2022 cessation due to demise on 21.10.2022 | Independent Non-Executive | Nil | No | Nil | Nil | Nil |

*In accordance with Regulation 26 of the Listing Regulations, Membership(s) / Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all other public limited companies have been considered.

Necessary disclosures regarding Directorship, Committee Membership / Chairmanship have been made by the Directors. The number of directorship(s), committee membership(s)/chairmanship(s) of all Directors is within the respective limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.

None of the Directors are related to each other, except Shri Sharad B Pitti and Shri Akshay S Pitti.

Board's skills / expertise / competencies

The Board comprises of qualified members who bring the required skills, expertise and competence on the following matrix which allows the Company to carry its business efficiently.

- Governance and Board Services
- Business Understanding
- Risk/Legal/Regulatory Compliance
- Information Technology/Accounting/Financial Experience
- Industry/Sector knowledge
- Strategy development and implementation

The matrix setting out the skills/expertise/competence of the Board of Directors is as under

| Sl. No | Name of the Director | Category | Skills/Expertise/Competence of the Directors | | | | | |
|--------|---------------------------|------------------------------------|--|------------------------|----------------------------------|--|---------------------------|---|
| | | | Governance and Board Service | Business Understanding | Risk/Legal/Regulatory Compliance | Information Technology/Accounting/Financial Experience | Industry/Sector Knowledge | Strategy Development and Implementation |
| 1 | Shri Sharad B Pitti | Chairman & Managing Director | ✓ | ✓ | ✓ | | ✓ | ✓ |
| 2 | Shri Akshay S Pitti | Vice-Chairman & Managing Director | ✓ | ✓ | | ✓ | ✓ | ✓ |
| 3 | Shri N R Ganti | Non-Executive Independent Director | ✓ | ✓ | ✓ | ✓ | | ✓ |
| 4 | Shri G Vijaya Kumar | Non-Executive Independent Director | ✓ | ✓ | ✓ | ✓ | | |
| 5 | Shri M Gopalakrishna | Non-Executive Independent Director | ✓ | ✓ | ✓ | | ✓ | ✓ |
| 6 | Ms. Gayathri Ramachandran | Non-Executive Independent Director | ✓ | ✓ | | | ✓ | ✓ |
| 7 | Shri S Thiagarajan | Non-Executive Independent Director | ✓ | ✓ | ✓ | ✓ | | ✓ |

Meeting of the Independent Directors

During the year under review, a separate meeting of the Independent Directors was held on 23rd May 2022 without the presence of Executives. The meeting was attended by all the Independent Directors. The Independent Directors discussed matters pertaining to the Company's affairs and reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole, and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board for effective functioning of the Board and performance of its duties.

Confirmation from the Board

The Board of Directors verified the veracity of declarations given by the Independent Directors and in the opinion of Board, the Independent Directors fulfil the conditions specified by the Companies Act, 2013 and SEBI Listing Regulations and are independent from the Management.

There has been no resignation of Independent Directors during the year.

Familiarisation programme

The Board members are provided with necessary documents, brochures, reports and internal policies to enable them to

familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. Site visits to various plant locations are organised for the Independent Directors to enable them to understand and become acquainted with the operations of the Company. The details of the familiarisation programme for Independent Directors is available on the Company's website https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2023/Familiarisation%20Programme%20for%20Independent%20Directors_1.pdf

Governance policies

The Company in order to adhere to the ethical standards have adopted various codes and policies to carry out the duties in an ethical manner. Some of these codes and policies are:

- Code of conduct & ethics for Directors & senior management
- Code for independent Directors
- Corporate social responsibility policy
- Remuneration policy
- Policy for preservation of documents
- Policy for determining the materiality of an event

- Dividend distribution policy
- Insider trading policy
- Code of practices and procedures for fair disclosure of unpublished price sensitive information
- Vigil mechanism / Whistle blower policy
- Policy and Procedure of enquiry in case of leak of unpublished price sensitive information
- Policy for determining material subsidiaries
- Policy on related party transactions
- Risk Management Policy

The above policies are available on the website of the Company at https://www.pitti.in/investor_desk/investors_d_p.php under the head Investors Desk.

Committees of the Board

Audit Committee

The Audit Committee comprises entirely of Independent Directors. All members of the Audit Committee have accounting, financial and management expertise. The Chairman of the Committee attended the AGM held on 23rd September 2022 to answer the shareholders queries.

During the year under review, the Committee met five times on the following dates:

11th April 2022, 23rd May 2022, 10th August 2022, 11th November 2022, 14th February 2023

The gap between the meetings did not exceed 120 days.

The below table gives the composition and attendance record of the Audit Committee.

| Name | Category | Position | Number of meetings | |
|---------------------|----------------------|----------|--------------------|----------|
| | | | Held | Attended |
| Shri S Thiagarajan | Independent Director | Chairman | 5 | 5 |
| Shri N R Ganti | Independent Director | Member | 5 | 5 |
| Shri G Vijaya Kumar | Independent Director | Member | 5 | 5 |

The Chief Financial Officer, Statutory Auditors, Internal Auditors are permanent invitees to the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The terms of reference of the Audit Committee include the matters as specified in Section 177 of the Companies Act, 2013 and Regulation 18(3) of the SEBI Listing Regulations as follows:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, re-appointment and terms of appointment of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

Equity shares and convertible instruments held by Directors

The number of equity shares held by Executive and Non-Executive Directors as on 31st March 2023 is given below:

| Name | Equity shares |
|---------------------------|---------------|
| Shri Sharad B Pitti | 43,49,926 |
| Shri Akshay S Pitti | 42,28,414 |
| Shri N R Ganti | 1,600 |
| Shri G Vijaya Kumar | 20 |
| Shri M Gopalakrishna | Nil |
| Ms. Gayathri Ramachandran | Nil |
| Shri S Thiagarajan | Nil |

4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the Act;
- b) Changes, if any, in accounting policies and practices and reasons for the same;
- c) Major accounting entries involving estimates based on the exercise of judgment by management;
- d) Significant adjustments made in the financial statements arising out of audit findings;
- e) Compliance with listing and other legal requirements relating to financial statements;

- f) Disclosure of any related party transactions; and
- g) Modified opinion(s) in the draft audit report.
5. Reviewing along with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. Approval of any subsequent modification of transactions of the listed entity with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the listed entity, whenever it is necessary.
11. Evaluation of internal financial controls and risk management systems
12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. Review the functioning of the Whistle Blower mechanism.
19. Approval of appointment of chief financial officer after assessing the qualifications, experience & background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
23. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

The Audit Committee shall mandatorily review the following information

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- Statement of deviations:
 - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(7) of the SEBI Listing Regulations.
 - Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

Nomination and Remuneration Committee

The Committee's composition is in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The Chairman of the Committee attended the AGM held on 23rd September 2022 to answer the shareholders queries.

During the year under review, the Committee met on 11th April 2022, 10th August 2022, 11th November 2022.

The below table gives the composition and attendance record of the Nomination and Remuneration Committee.

| Name | Category | Position | Number of meetings | |
|--------------------------|----------------------|----------|--------------------|----------|
| | | | Held | Attended |
| Shri M Gopalakrishna | Independent Director | Chairman | 3 | 3 |
| Ms.Gayathri Ramachandran | Independent Director | Member | 3 | 3 |
| Shri G Vijaya Kumar | Independent Director | Member | 3 | 3 |

The terms of reference include the matters as specified in Section 178 of the Companies Act, 2013 and amended Regulation 19 of the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee are as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
 - For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - use the services of external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.
- Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.
- Administer Employee Stock Option Schemes of the Company.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Performance evaluation criteria for Independent Directors

The performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that were evaluated include participation in meetings and contribution by Directors, commitment, effective deployment of knowledge and skills, effective management of relationship with stakeholders, integrity and maintenance of confidentiality, independence of behaviour and judgment.

Remuneration Policy

The key objective of the Remuneration policy is to enable a framework that allows for competitive and fair rewards for the achievement of key deliverables and also align with practice in the industry and shareholders expectations.

The Policy on remuneration of Directors, Key Managerial Personnel and other employees of the Company is available on the Company's website at [https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2020/Remunerattion%20Policy%20\(Effective%20from%20April%201,%202019\).pdf](https://www.pitti.in/investordesk/Docs/Client/CLT1/fy2020/Remunerattion%20Policy%20(Effective%20from%20April%201,%202019).pdf)

Remuneration of Directors

The details of remuneration to the Directors for the financial year ended 31st March 2023.

₹ in lakhs

| Name | Salary | Benefits & Allowances | Sitting Fees | Total |
|---------------------------|--------|-----------------------|--------------|-------|
| Shri Sharad B Pitti | 98.78 | - | - | 98.78 |
| Shri Akshay S Pitti | 93.94 | 4.84 | - | 98.78 |
| Shri N R Ganti | - | - | 4.50 | 4.50 |
| Shri G Vijaya Kumar | - | - | 6.75 | 6.75 |
| Shri M Gopalakrishna | - | - | 4.00 | 4.00 |
| Ms. Gayathri Ramachandran | - | - | 4.00 | 4.00 |
| Shri S Thiagarajan | - | - | 4.50 | 4.50 |

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company. Presently the Company does not have any scheme for grant of stock options either to the Directors or to the Employees of the Company. The services of the Chairman & Managing Director and Vice-Chairman & Managing Director are governed by the resolutions as approved by the Members in the general meeting. There is no separate provision for payment of severance fees and notice period for termination of services. There was no remuneration or commission paid to the Directors from the Subsidiary Company.

Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors of the Company would be paid sitting fees as approved by the Board of Directors within the

permissible limits prescribed under the Companies Act, 2013 and rules framed thereunder for attending meetings of the Board and Committees thereof.

During the financial year 2022-23, the Non-Executive Directors were paid Sitting fee of ₹ 50,000 for attending each meeting of the Board of Directors and ₹ 25,000 for attending each meeting of the Committees. The Independent Directors were paid a fee of ₹ 25,000 each for the separate meeting of the Independent Directors.

Stakeholders Relationship Committee

The Committee's composition and terms of reference are in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

During the year under review, the Committee met on 29th June 2022 and 25th January 2023.

The below table gives the composition and attendance record of the Stakeholders Relationship Committee.

| Name | Category | Position | Number of meetings | |
|---------------------------|----------------------|----------|--------------------|----------|
| | | | Held | Attended |
| Ms. Gayathri Ramachandran | Independent Director | Chairman | 2 | 2 |
| Shri M Gopalakrishna | Independent Director | Member | 2 | 2 |
| Shri N R Ganti | Independent Director | Member | 2 | 2 |
| Shri S Thiagarajan | Independent Director | Member | 2 | 2 |

The terms of reference include the matters as specified in Section 178 of the Companies Act, 2013 and amended Regulation 20 of the SEBI Listing Regulations. The terms of reference of Stakeholders Relationship Committee include:-

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.
5. Approve issue of the Company's duplicate share / debenture certificates.
6. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

The status of the complaints received during the year ended 31st March 2023 is as follows

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| Nil | 2 | 2 | Nil |

Corporate Social Responsibility Committee

The Committee's composition and terms of reference are in compliance with the provisions of section 135 of the Companies Act, 2013.

During the year under review, the Committee met two times on the following dates:

23rd May 2022 and 11th November 2022.

The below table gives the composition and attendance record of the Corporate Social Responsibility Committee

| Name | Category | Position | Number of meetings | |
|---------------------|-----------------------------|----------|--------------------|----------|
| | | | Held | Attended |
| Shri Sharad B Pitti | Promoter Executive Director | Chairman | 2 | 2 |
| Shri Akshay S Pitti | Promoter Executive Director | Member | 2 | 2 |
| Shri G Vijaya Kumar | Independent Director | Member | 2 | 2 |

The terms of reference include the matters as specified in Section 135 of the Companies Act, 2013

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as per the provisions of applicable laws.
- b) Recommend the amount of expenditure to be incurred on CSR Activities.
- c) Monitor the CSR Policy of the Company from time to time.
- d) Formulate and recommend to the Board an Annual Action Plan in pursuance of the CSR policy.

Risk Management Committee

In terms of Regulation 21 of SEBI Listing Regulations a Risk Management Committee was constituted by the Board of Directors on 23rd May 2022. The Committee's composition and terms of reference are in compliance with the provisions of Regulation 21 of SEBI Listing Regulations.

During the year under review, the Committee met two times on the following dates:

27th September 2022 and 23rd March 2023.

The below table gives the composition and attendance record of the Risk Management Committee

| Name | Category | Position | Number of meetings | |
|----------------------|------------------------------------|----------|--------------------|----------|
| | | | Held | Attended |
| Shri G Vijaya Kumar | Independent Director | Chairman | 2 | 2 |
| Shri Akshay S Pitti | Promoter Executive Director | Member | 2 | 2 |
| Shri Sandip Agarwala | President – Operations & Marketing | Member | 2 | 2 |

The terms of reference include the matters as specified in Regulation 21 of SEBI Listing Regulations.

1. Formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
7. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Committee of Directors

The Committee of Directors conducts the business in respect of matters in the ordinary course of business not specifically reserved to be exercised by the Board, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.

During the year review, the Committee met four times on the following dates: 3rd May 2022, 21st September 2022, 1st December 2022 and 13th March 2023.

The below table gives the composition and attendance record of the Committee of Directors.

| Name | Category | Position | Number of meetings | |
|--------------------------|-----------------------------|----------|--------------------|----------|
| | | | Held | Attended |
| Shri Sharad B Pitti | Promoter Executive Director | Chairman | 4 | 4 |
| Shri Akshay S Pitti | Promoter Executive Director | Member | 4 | 4 |
| Shri Shri G Vijaya Kumar | Independent Director | Member | 4 | 4 |

General Body Meetings

Annual General Meetings

| Year | Date & Time | Venue | Special Resolutions |
|---------|-----------------------|--|--|
| 2019-20 | 25.09.2020 4:00 pm | Through Video Conferencing / Other Audio-Visual Means | 1. Approval of remuneration to Executive Directors who are promoters or members of promoter group. |
| 2020-21 | 24.09.2021 4:00 pm | Through Video Conferencing / Other Audio-Visual Means | None |
| 2021-22 | 23.09.2022 4:00 pm | Through Video Conferencing / Other Audio-Visual Means | 1. Appointment of Shri D V Aditya (DIN:02847635) as an Independent Director |

Postal ballot during the last three years:

Details of postal ballot conducted during the last three years is as below:

| Year | No of postal ballots conducted | Details of resolution and voting pattern | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------|--------------------------------|--|-------------|--------------|---|----------------------|-------------|-------|--------------------|--------|------|-------------------|-------------|--------|---------------|---|---|-------------|--------------|---|----------------------|-------------|-------|--------------------|-------|------|-------------------|-------------|--------|---------------|---|---|-------------|--------------|---|----------------------|----------|-------|--------------------|-------|------|-------------------|----------|--------|---------------|---|---|
| 2020-21 | Nil | Not Applicable | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021-22 | One | <p>Business transacted:</p> <ol style="list-style-type: none"> 1. Special resolution to approve the increase in borrowing limits of the Company. <table border="1"> <thead> <tr> <th>Particulars</th> <th>No of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Votes cast in favour</td> <td>1,91,66,121</td> <td>99.98</td> </tr> <tr> <td>Votes cast against</td> <td>3,667</td> <td>0.02</td> </tr> <tr> <td>Total valid votes</td> <td>1,91,69,788</td> <td>100.00</td> </tr> <tr> <td>Invalid votes</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <ol style="list-style-type: none"> 2. Special resolution to approve creation of security on the properties of the Company in favour of lenders. <table border="1"> <thead> <tr> <th>Particulars</th> <th>No of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Votes cast in favour</td> <td>1,91,65,276</td> <td>99.98</td> </tr> <tr> <td>Votes cast against</td> <td>4,712</td> <td>0.02</td> </tr> <tr> <td>Total valid votes</td> <td>1,91,69,988</td> <td>100.00</td> </tr> <tr> <td>Invalid votes</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <ol style="list-style-type: none"> 3. Special resolution to approve the related party transactions <table border="1"> <thead> <tr> <th>Particulars</th> <th>No of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Votes cast in favour</td> <td>1,60,621</td> <td>95.01</td> </tr> <tr> <td>Votes cast against</td> <td>8,440</td> <td>4.99</td> </tr> <tr> <td>Total valid votes</td> <td>1,69,061</td> <td>100.00</td> </tr> <tr> <td>Invalid votes</td> <td>-</td> <td>-</td> </tr> </tbody> </table> | Particulars | No of shares | % | Votes cast in favour | 1,91,66,121 | 99.98 | Votes cast against | 3,667 | 0.02 | Total valid votes | 1,91,69,788 | 100.00 | Invalid votes | - | - | Particulars | No of shares | % | Votes cast in favour | 1,91,65,276 | 99.98 | Votes cast against | 4,712 | 0.02 | Total valid votes | 1,91,69,988 | 100.00 | Invalid votes | - | - | Particulars | No of shares | % | Votes cast in favour | 1,60,621 | 95.01 | Votes cast against | 8,440 | 4.99 | Total valid votes | 1,69,061 | 100.00 | Invalid votes | - | - |
| Particulars | No of shares | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast in favour | 1,91,66,121 | 99.98 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast against | 3,667 | 0.02 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total valid votes | 1,91,69,788 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Invalid votes | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | No of shares | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast in favour | 1,91,65,276 | 99.98 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast against | 4,712 | 0.02 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total valid votes | 1,91,69,988 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Invalid votes | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | No of shares | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast in favour | 1,60,621 | 95.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast against | 8,440 | 4.99 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total valid votes | 1,69,061 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Invalid votes | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2022-23 | One | <p>Business transacted:</p> <ol style="list-style-type: none"> 1. Special resolution to approve the re-appointment of Shri Sharad B Pitti as Chairman & Managing Director <table border="1"> <thead> <tr> <th>Particulars</th> <th>No of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Votes cast in favour</td> <td>1,97,26,763</td> <td>99.94</td> </tr> <tr> <td>Votes cast against</td> <td>11,643</td> <td>0.06</td> </tr> <tr> <td>Total valid votes</td> <td>1,97,38,406</td> <td>100.00</td> </tr> <tr> <td>Invalid votes</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>The shareholders approved the said resolution(s) with requisite majority on 26th March 2022 and the results were declared on 28th March 2022. Shri Ajay Kishen, Practising Company Secretary was appointed as scrutinizer for conducting voting through remote e-voting in a fair and transparent manner.</p> <p>The shareholders approved the said resolution(s) with requisite majority on 7th July 2022 and the results were declared on 8th July 2022. Shri Ajay Kishen, Practising Company Secretary was appointed as scrutinizer for conducting voting through remote e-voting in a fair and transparent manner.</p> | Particulars | No of shares | % | Votes cast in favour | 1,97,26,763 | 99.94 | Votes cast against | 11,643 | 0.06 | Total valid votes | 1,97,38,406 | 100.00 | Invalid votes | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Particulars | No of shares | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast in favour | 1,97,26,763 | 99.94 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Votes cast against | 11,643 | 0.06 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total valid votes | 1,97,38,406 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Invalid votes | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

There is no proposal to conduct postal ballot for any matter in the ensuing 39th Annual General Meeting.

Procedure for postal ballot

In compliance with the Listing Regulations and section 108, 110 and other applicable provisions of the Act, read with applicable rules, made thereunder read with the General Circular Nos 14/2020 dated 8th April 2020 and 17/2020 dated 13th April 2020 read with other relevant circulars including General Circular No.3/2022 dated 5th May 2022 issued by the Ministry of Corporate Affairs, the Notice of Postal Ballot was sent in electronic form only to the shareholders to their email ids registered with the Depository Participants/Registrar and share transfer agents. The Company engaged the services of NSDL for the purpose of providing e-voting facility to all its shareholders.

The voting rights were reckoned on the paid-up value of the shares registered in the name of the shareholder as of the cut-off date. Shareholders desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last day of e-voting. The last date specified by the Company for receipt of e-voting is deemed to be the date of passing of the resolution.

The scrutinizer submits his report to the Chairman of the Board of Directors or any person authorized by him, the consolidated results of the voting are then announced. The results are displayed on the website of the Company i.e. www.pitti.in besides being communicated to the stock exchanges and NSDL.

Disclosures

a) Related party transactions

The Company's major related party transactions are generally with the promoters and the group companies. The related party transactions are entered into based on considerations of various factors such as business exigencies, synergy in operations, optimisation of market share, profitability, legal requirements, liquidity and capital resources.

All contracts / arrangements / transactions entered by the Company during the financial year with related parties are in the ordinary course of business and at an arm's length basis.

During the year, the Company has entered into transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The details of related party transactions are provided in Note 25.13 of the Notes to Financial Statements.

None of the transactions with any of related parties were in potential conflict with the Company's interest.

The Company's policy on related party transactions and dealing with related party transactions is put up on the Company's website and can be accessed at [https://www.pitti.in/investordesk/Docs/Client/CLT1/Policy%20on%20Related%20Party%20Transaction%20\(Effective%20from%20April%201,%202022\).pdf](https://www.pitti.in/investordesk/Docs/Client/CLT1/Policy%20on%20Related%20Party%20Transaction%20(Effective%20from%20April%201,%202022).pdf)

b) Details of Non-compliances

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

c) Vigil mechanism / Whistle blower policy

The Company has adopted the whistle blower policy and has established necessary vigil mechanism as defined under Regulation 22 of the SEBI Listing Regulations for the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethical policy. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism. During the year under review, no personnel was denied access to the Audit Committee.

d) Subsidiary

The Company has one unlisted wholly owned subsidiary viz., Pitti Rail and Engineering Components Limited which was incorporated on 5th October 2020. The Subsidiary is not a material subsidiary in terms of SEBI Listing Regulations. The financial statements, significant transactions, investments and the minutes of the Board Meetings of the subsidiary Company are considered at the meetings of the Audit committee / Board of the Company as required under Regulation 24 of SEBI Listing Regulations.

The Company has framed a policy for determining material subsidiary and the same is available on Company's website at [https://www.pitti.in/investordesk/Docs/Client/CLT1/Policy%20for%20Determining%20Material%20Subsidiary%20\(Effective%20from%20April%201,%202019\).pdf](https://www.pitti.in/investordesk/Docs/Client/CLT1/Policy%20for%20Determining%20Material%20Subsidiary%20(Effective%20from%20April%201,%202019).pdf)

e) Commodity price risk or foreign exchange risk and hedging activities

The Company generally has a price variation clause with all its customers which broadly mitigates the commodity price risk. However, as the price variation clause is fixed on a quarterly basis, there is a risk on carrying inventory for the quarterly variance in the commodity price. During the year under review the Company has not undertaken any commodity hedging activities.

The Company is a net foreign exchange earner and thus faces foreign currency fluctuation risk. The Company tries to minimise the risk through natural hedge via foreign currency liabilities to the extent possible. For the balance, looking at the trend the Company may keep its position open or hedge the same. The Company reviews its foreign currency risks and evaluates the same on a periodic basis.

f) Utilisation of funds raised through preferential allotment or qualified institutions placement.

During the year under review the Company has not raised any funds through preferential allotment or qualified institutions placement.

g) Certificate from Company Secretary in Practice with regard to disqualification of Directors

A Certificate from Shri Ajay Kishen, Practicing Company Secretary certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company is annexed to this report.

h) Details of recommendation of any Committee of the Board which are not accepted by the Board.

The Board of Directors accepted all the recommendation(s) of the Committees of the Board during the financial year ended 31st March 2023.

i) Details of total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part.

| Particulars | FY 2022-23 |
|-------------------------------------|------------|
| Audit fees | 15.25 |
| Tax audit fees | 5.25 |
| Certification fee / taxation matter | 15.00 |
| Out of pocket expenses | 0.75 |

j) Disclosure of complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year, no complaints were received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

k) Adoption of Mandatory and Non-Mandatory Requirements

Your Company has complied with all applicable mandatory requirements of the SEBI Listing Regulations. The Company also complies with the following non-mandatory requirements of Regulation 27 (1) of the SEBI Listing Regulations:

The financial statements for the year ending 31st March 2023 do not contain any audit qualification. The internal auditor reports to the Audit Committee.

l) The Disclosure of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and regulation 46 are as follows:

| Regulation | Particulars of Regulations | Compliance status (Yes/No/NA) |
|------------|---|-------------------------------|
| 17 | Board of Directors | Yes |
| 18 | Audit Committee | Yes |
| 19 | Nomination and Remuneration Committee | Yes |
| 20 | Stakeholders Relationship Committee | Yes |
| 21 | Risk Management Committee | Yes |
| 22 | Vigil Mechanism | Yes |
| 23 | Related Party Transactions | Yes |
| 24 | Corporate Governance Requirements with respect to subsidiaries of listed entity | Yes |
| 25 | Obligations with respect to Independent Directors | Yes |
| 26 | Obligations with respect to Employees including Senior Management, Key Managerial Personnel, Directors and Promoters. | Yes |
| 27 | Other Corporate Governance Requirements | Yes |
| 46 | Disclosures on website | Yes |

m) Disclosure of accounting treatment

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standard (Ind As), notified under the Companies (Indian Accounting Standard) Rules, 2015 and the relevant provisions of Companies Act, 2013.

n) Risk management

Business risk evaluation and management is an ongoing process within the Company. The risk assessment and mitigation are periodically examined by the Board. The Board of Directors also reviews the reports of compliance to all applicable laws and regulations on a quarterly basis.

Means of Communication

Quarterly results and filings

The approved financial results are filed with the Stock Exchanges and are published in Business Line, a national level English newspaper as well as in Andhra Prabha, a regional language newspaper circulating in the state of Telangana. The financial results of the Company are provided on the Company's website www.pitti.in and are also available on the websites of BSE Limited and National Stock Exchange of India Limited viz www.bseindia.com and www.nseindia.com.

General Shareholder Information

Company Registration details

The Company is registered in the State of Telangana, India. The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs is L29253TG1983PLC004141.

Annual General Meeting for the Financial Year 2022-23

| | |
|------------|--|
| Day & Date | Friday, 18th August 2023 |
| Time | 4:00 P.M |
| Venue | The AGM will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") only. |

Financial Calendar

| | |
|--|---|
| Financial Year | 1st April to 31st March |
| Tentative calendar for declaration of results for quarter ending | |
| 30th June 2023 | on or before 14th August 2023 |
| 30th September 2023 | on or before 14th November 2023 |
| 31st December 2023 | on or before 14th February 2024 |
| 31st March 2024 | on or before 30th May 2024 |
| Book Closure | From 12th August 2023 to 18th August 2023 [both days inclusive] |

All periodical compliance filings like the quarterly results, corporate governance report, shareholding pattern, quarterly compliances, official news releases and other corporate communication are made electronically in the BSE Listing Centre, NSE digital exchange portal and NSE Electronic Application Processing System (NEAPS) and are also put on the Company's website.

Presentations to institutional investors / analysts

Presentations are made to institutional investors and financial analysts on the Company's financial results. These presentations and schedule of analyst or institutional investors meet are also put on the Company's website.

Website

The Company's website (www.pitti.in) contains comprehensive information about the Company, its business and operations. A separate dedicated section 'Investor Desk' is available which gives information on shareholding pattern, financial results and other relevant information of interest to the investors. The Company's annual report is also available in downloadable form on the Company's website.

Dividend

| Dividend | Amount and % | Date of Declaration | Date of Payment |
|---|----------------|---------------------|--|
| Interim dividend | ₹ 1.50/- (30%) | 14th February 2023 | 6th March 2023 |
| Proposed Final Dividend subject to the approval of members at the ensuing AGM | ₹ 1.20/- (24%) | At the ensuing AGM | Within 30 days from the date of declaration. |

Listing information

The Company's equity shares are listed on the following Stock Exchanges

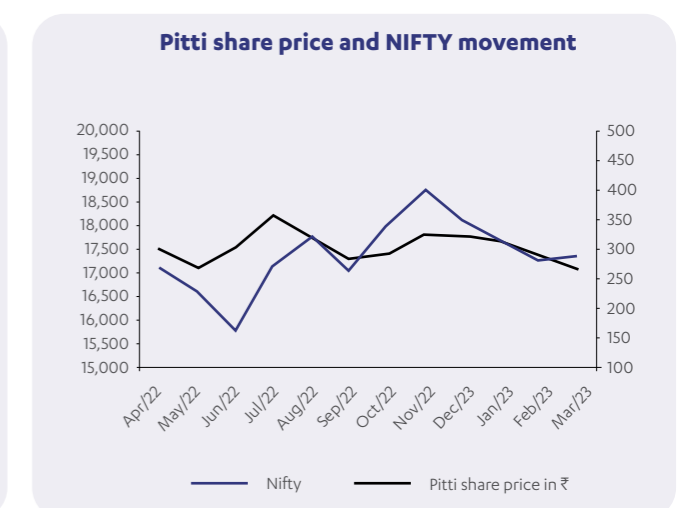
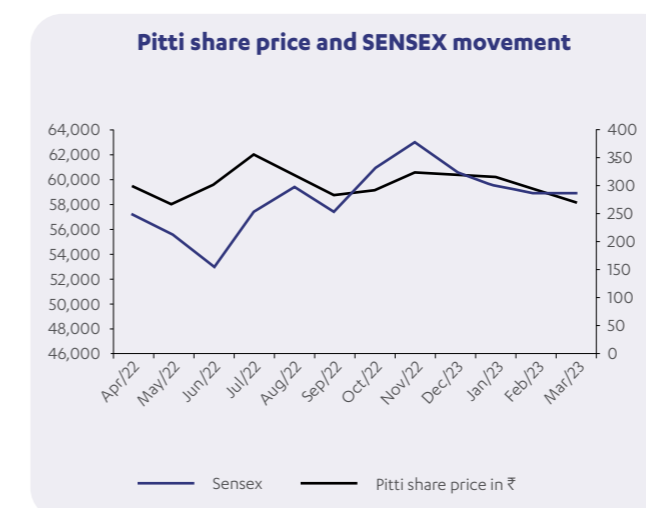
| Name and address of the Stock Exchange | Stock Code |
|--|------------|
| BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 | 513519 |
| National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla,Complex, Bandra (E), Mumbai 400 051 | PITTIENG |

The Company has paid the requisite annual listing fees to both the Stock Exchanges for financial year 2023-24. The securities of the Company have never been suspended from trading.

Stock market price data

| Month | BSE Limited (BSE) | | | National Stock Exchange (NSE) | | |
|----------------|-------------------|-----------|-----------|-------------------------------|-----------|-----------|
| | High price | Low price | Volume | High price | Low price | Volume |
| | ₹ | ₹ | (Nos) | ₹ | ₹ | (Nos) |
| April 2022 | 344.35 | 299.65 | 7,81,892 | 344.40 | 300.00 | 39,73,823 |
| May 2022 | 322.75 | 234.75 | 18,63,960 | 322.75 | 230.05 | 35,39,010 |
| June 2022 | 350.95 | 263.00 | 24,52,407 | 351.00 | 262.65 | 62,76,917 |
| July 2022 | 370.00 | 293.80 | 16,08,858 | 369.85 | 293.30 | 53,95,231 |
| August 2022 | 374.90 | 305.10 | 11,15,913 | 375.00 | 310.00 | 50,75,045 |
| September 2022 | 331.00 | 274.00 | 4,75,738 | 331.25 | 273.75 | 25,08,118 |
| October 2022 | 301.45 | 281.40 | 1,16,691 | 302.00 | 281.55 | 7,81,511 |
| November 2022 | 329.60 | 258.40 | 6,02,231 | 329.90 | 257.30 | 39,43,803 |
| December 2022 | 344.55 | 295.40 | 3,00,032 | 345.00 | 295.05 | 29,69,304 |
| January 2023 | 336.95 | 293.05 | 2,37,626 | 336.95 | 293.30 | 22,97,007 |
| February 2023 | 326.65 | 278.90 | 3,26,855 | 327.75 | 278.00 | 25,42,899 |
| March 2023 | 303.25 | 256.80 | 3,14,905 | 305.95 | 255.60 | 22,39,595 |

Close share price performance in comparison to broad based indices – NSE Nifty and BSE Sensex



Registrar and share transfer agents

XL Softech Systems Limited
Plot No. 3, Sagar Society, Road No.2, Banjara Hills,
Hyderabad - 500 034
Ph: +91 40 23545913 / 14 / 15 Fax: +91 40 23553214
Email: xlfield@gmail.com

Share transfer system

As per Regulation 40 of SEBI Listing Regulations, as amended, shares of the Company can be transferred only in dematerialised form with effect from, 1st April 2019.

Members may please note that SEBI, vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/PICIR/2022/8 dated 25th January 2022, has mandated all listed companies to issue securities in demat form only while processing service requests viz.

Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement: Sub division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format of which is available on the Company's website under the weblink at https://www.pitti.in/investor_desk/investors_si_f_srf.php and on the website of the Company's RTA. It may be noted that any service request can be processed only after the folio is KYC compliant.

In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

Distribution of shareholding as on 31st March 2023

| Shares held | No. of Shareholders | % | No. of Shares | % |
|-----------------|---------------------|---------------|--------------------|---------------|
| Up to 5000 | 24488 | 91.52 | 20,34,778 | 6.35 |
| 5001 to 10000 | 1170 | 4.37 | 9,15,380 | 2.86 |
| 10001 to 20000 | 526 | 1.97 | 8,02,384 | 2.50 |
| 20001 to 30000 | 167 | 0.62 | 4,26,263 | 1.33 |
| 30001 to 40000 | 91 | 0.34 | 3,27,708 | 1.02 |
| 40001 to 50000 | 66 | 0.25 | 3,06,708 | 0.96 |
| 50001 to 100000 | 127 | 0.47 | 9,60,581 | 2.99 |
| Above 100000 | 122 | 0.46 | 2,62,76,265 | 81.99 |
| Total | 26757 | 100.00 | 3,20,50,067 | 100.00 |

Distribution of shareholding as on 31st March 2023

| Category | No of Shares | % |
|----------------------------|--------------------|---------------|
| Promoters & Promoter group | 1,90,01,227 | 59.29 |
| Mutual Funds | 9,85,264 | 3.07 |
| Alternate Investment Funds | 3,11,304 | 0.97 |
| Insurance Companies | 5,99,599 | 1.87 |
| Individuals | 82,92,606 | 25.87 |
| Body Corporates | 16,60,409 | 5.18 |
| NRI | 3,12,384 | 0.98 |
| HUF | 4,78,039 | 1.49 |
| Directors and Relatives | 1,620 | 0.01 |
| IEPF | 4,00,817 | 1.25 |
| Clearing Members | 6,798 | 0.02 |
| Total | 3,20,50,067 | 100.00 |

Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.42% of the Company's equity share capital are dematerialised as on 31st March 2023. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE450D01021.

| Mode of holding | No of Shares | % |
|-----------------|--------------------|---------------|
| NSDL | 2,59,50,469 | 80.97 |
| CDSL | 59,12,350 | 18.45 |
| Physical | 1,87,248 | 0.58 |
| Total | 3,20,50,067 | 100.00 |

The annual custody/issuer fee for the financial year 2023-24 has been paid by the Company to Central Depository Services Limited and National Securities Depository Limited, within the due date.

The Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

Mandatory KYC

Securities and Exchange Board of India (SEBI) vide its Circular dated 16th March 2023 has mandated all shareholders holding shares in physical mode to furnish PAN, nomination, contact details, Bank account details and specimen signature for their corresponding folio numbers on or before 1st October 2023. In case the shareholders do not update their PAN, KYC details and nomination, the Registrar and Transfer agent (RTA) of the Company shall

- (1) freeze the folio for lodging any grievance / service request or for paying dividend in physical mode on 1st October 2023

- (2) the securities in the frozen folio shall be referred by the RTA to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31st December 2025.

Members are requested to submit their PAN, KYC and nomination details to the Company's RTA viz, XL Softech Systems Limited. The format of Mandatory KYC documents is available on the Company's website www.pitti.in under Investor Desk. Members holding shares in electronic form are requested to submit their KYC to their depository participant(s).

Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their impact on equity

The Company does not have any outstanding GDRs/ADRs / Convertible Instruments as on 31st March 2023.

Plant locations

| Hyderabad - Plant II | Hyderabad - Plant IV | Aurangabad |
|---|--|--|
| Survey No.1837 & 1838, Jingoniguda Road, Nandigaon Village & Mandal Ranga Reddy District – 509 223 Telangana, India | Survey No.1837, Jingoniguda Road, Nandigaon Village & Mandal Ranga Reddy District – 509 223 Telangana, India | Gut No.194, Limbe Jalgaon Village, Gangapur Mandal, Aurangabad District-431133 Maharashtra, India |

Address for correspondence

For shares held in physical form

XL Softech Systems Limited
3, Sagar Society, Road No.2
Banjara Hills, Hyderabad – 500 034
Ph: +91 40 23545913 / 14 / 15
Fax: +91 40 23553214
Email: xlfield@gmail.com

For shares held in demat form

To the Depository Participant

For query on Annual Report

Ms. Mary Monica Braganza
Company Secretary & Compliance officer
Pitti Engineering Limited
6-3-648/401, IV Floor
Padmaja Landmark
Somajiguda
Hyderabad – 500 082
Ph: 040-23312774
Email: shares@pitti.in

For investor grievances

Email: shares@pitti.in

Credit Ratings

During the year under review, India Ratings and Research Private Limited has revised the rating outlook to Positive from Stable while affirming its long-term issuer rating at IND A- and short term rating IND A2+.

Unclaimed Dividend

Sections 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") mandates that companies transfer dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investors' Education and Protection Fund (IEPF). Further the rules mandate that the shares on which dividend has not been paid or claimed for seven consequent years or more be transferred to IEPF.

The below table provides the details of unclaimed dividends that would become eligible to be transferred to the IEPF on the dates mentioned below:

| Financial Year | Date of Declaration | Due date for transfer |
|------------------------|---------------------|-----------------------|
| 2021-22 First Interim | 05.08.2021 | 10.09.2028 |
| 2021-22 Second Interim | 08.11.2021 | 14.12.2028 |
| 2021-22 Third Interim | 11.02.2022 | 19.03.2029 |
| 2021-22 Final | 23.09.2022 | 29.10.2029 |
| 2022-23 Interim | 14.02.2023 | 22.03.2030 |

Those members who have not encashed their dividend for the aforesaid years are requested to claim it from the Company or XL Softech Systems Limited, the Registrars and Share Transfer Agents.

The details of the unpaid / unclaimed amounts lying with the Company is available on the website of the Company at www.pitti.in.

Unclaimed dividend and equity shares transferred to the Investor Education and Protection Fund

Pursuant to Section 124(5) of the Companies Act, 2013, the Company during the year under review, has credited the unclaimed dividend of ₹ 3,91,565/- pertaining to unclaimed final dividend of financial year 2014-15 to the Investor Education and Protection Fund (IEPF).

In accordance with the provisions of the Companies Act, 2013 the Company has transferred 17,600 equity shares on 19th December 2022 to the credit of IEPF Authority in respect of which dividend had not been paid or claimed by the members for seven consecutive years or more as on the cut-off date, i.e. 24th October 2022.

The Shareholders may claim their unclaimed dividend for the years prior to the financial year 2014-15 and the corresponding shares, from the IEPF Authority by making an online application to the IEPF authority in web form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority www.iepf.gov.in, the access link of which is also available on the Company's website www.pitti.in under the section 'Investor Desk'.

The voting rights on the shares transferred to IEPF Authority shall remain frozen till the rightful owner claims the shares.

Equity shares in the suspense account

In accordance with the requirement of Schedule V to the SEBI Listing Regulations, details of equity shares in suspense account are as follows:

| Particulars | No. of shareholders | No. of shares |
|--|---------------------|---------------|
| Aggregate number of shareholder and the outstanding shares lying in the unclaimed suspense account as on 1st April 2022 | 117 | 28000 |
| Number of shareholders who approached the Company for transfer of shares from the unclaimed suspense account during the year | 2 | 400 |
| Number of shareholders to whom the shares were transferred from the unclaimed suspense account during the year | 2 | 400 |
| Number of shareholders whose shares were transferred from unclaimed suspense account to IEPF account as per section 124 of the Companies Act, 2013 | - | - |
| Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31st March 2023 | 115 | 27600 |

In terms of SEBI circular dated 25th January 2022, the Company has issued letter of confirmations in lieu of the original share certificates reported lost. In compliance with SEBI guidelines dated 30th December 2022, the company has opened an unclaimed securities suspense escrow account and has transferred 200 shares to the escrow account, for which the shareholder has failed to submit the letter of confirmation to the depository participant within 120 days from the date of issue.

The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owners claims the shares.

The dividend on the shares in the unclaimed suspense account will be remitted to the shareholders on their claiming the shares, till which time, the dividend will be available in the unpaid dividend bank account for a period of 7 years from date of transfer to respective accounts.

Compliance certificate of the Auditors

Certificate from the Company's Auditors Talati & Talati LLP, Chartered Accountants confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations is attached to this report.

Declaration

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2023.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 29th May 2023

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) read with Schedule V Para-C Sub clause (10) (i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
Pitti Engineering Limited,
Hyderabad.

I, Ajay Kishen, Practicing Company Secretary, have examined the relevant registers, records, forms returns and disclosures received from the Directors of Pitti Engineering Limited (CIN: L29253TG1983PLC004141) having its Registered office at IV TH Floor, Padmaja Landmark, 6-3-648/401, Somajiguda, Hyderabad – 500 082, Telangana (hereinafter referred to as “the Company”) produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my knowledge and according to the verification (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanation furnished to me by the Company and its officers. I hereby certify that none of the Directors as stated below for the financial year ending on 31st March 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

| Sl. No. | Director Identification Number | Name of the Director | Date of Appointment in Company |
|---------|--------------------------------|---------------------------------|--------------------------------|
| 1. | 00078716 | Shri Sharad Badrivishal Pitti | 17-Sep-1983 |
| 2. | 00078760 | Shri Akshay Sharad Pitti | 14-Oct-2004 |
| 3. | 00021592 | Shri Nagabhushan Rao Ganti | 16-Oct-2002 |
| 4. | 00780356 | Shri Gummalla Vijaya Kumar | 28-Aug-2006 |
| 5. | 00088454 | Shri Gopala Krishna Muddusetty | 28-Jun-2007 |
| 6. | 02872723 | Ms. Comal Gayathri Ramachandran | 22-Sep-2014 |
| 7. | 02721001 | Shri Swaminathan Thiagarajan | 24-Apr-2015 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 29th May 2023

Ajay Kishen
Practicing Company Secretary
M.No: 6298 CP:5146
UDIN: F006298E000403961

Independent Auditors' Certificate on Corporate Governance

To
Members of **Pitti Engineering Limited**

We, Talati & Talati LLP, Chartered Accountants, the Statutory Auditors of Pitti Engineering Limited (“the Company”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2023, as stipulated in regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and Para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”).

Management's Responsibilities:

The Compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the corporate governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibilities:

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on compliance with Corporate Governance requirement by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance (“the Guidance Note”) issued by Institute of Chartered Accountants India “ICAI” and the Standards on Auditing (“SA’s”) specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate as per the Guidance Note issued by ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1 “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance Related Services Engagements”.

Opinion:

Based on our examination of relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year ended 31st March 2023.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use:

This certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update the Report for events and circumstances occurring after the date of this Certificate.

For **Talati & Talati LLP**
Chartered Accountants
(Firm Reg No: 110758W/W100377)

Amit Shah
Partner

Place of Signature: Hyderabad
Date: 29th May 2023

Membership Number: 122131
UDIN: 23122131BCYHKM5642

CEO / CFO Certification

[Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015]

We, the undersigned, in our respective capacities as Chairman & Managing Director and Chief Financial Officer of Pitti Engineering Limited ("the Company") to the best of our knowledge and belief certify that:

- A. We have reviewed financial statements and the cash flow statement (Standalone and Consolidated) for the year ended 31st March 2023 and that to the best of our knowledge and belief, we state that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, no transactions are entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that:
 - a) there are no significant changes in internal control over financial reporting during the year
 - b) there are no significant changes, if any, in accounting policies during the year and
 - c) there are no instances of significant fraud of which we have become aware.

Place: Hyderabad
Date : 29th May 2023

Sharad B Pitti
Chairman & Managing Director
DIN:00078716

M Pavan Kumar
Chief Financial Officer
M.No.216936

Independent Auditor's Report

TO
THE MEMBERS OF
PITTI ENGINEERING LIMITED

Report on the Audit of the Standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of Pitti Engineering Limited ("the Company") which comprise the Balance Sheet as of 31st March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31st March, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information other than the Standalone financial statements and auditor's report thereon:

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information and other information in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the

preparation and presentation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and the Board of the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, specified under section 143(10) we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

Corresponding figures for the year ended 31st March 2022 have been audited by another auditor who expressed an unmodified opinion dated 23rd May 2022 on the standalone financial statements of the Company for the year ended 31st March, 2022. Our opinion on the standalone financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the accompanying standalone financial statements;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - (e) On the basis of the written representations received from the directors as of 31st March 2023, taken on record by the Board of Directors, none of the directors is disqualified as of 31st March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations as at 31-03-2023 on its financial position in its standalone financial statements – Refer to Note 25.02 to the standalone financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as on 31st March 2023;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf

of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- (v) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
- (h) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is

not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **Talati & Talati LLP**
Chartered Accountants
(Firm Reg No: 110758W/W100377)

Amit Shah
Partner

Place of Signature: Hyderabad Membership Number: 122131
Date: 29th May 2023 UDIN: 23122131BGYHKP9566

Annexure - A to the Auditors' Report

(Referred to in paragraph 2 (f) under the heading "Report on other Legal and Regulatory Requirements" of our report to the members of Pitti Engineering Limited on the standalone financial statements as on 31st March, 2023)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Pitti Engineering Limited ("the Company") as of 31st March 2023 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on auditing issued by the Institute of Chartered Accountants of India prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting

was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over the financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with the authorizations of management and directors of the Company; and;
- (3) Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material

respects, an adequate internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Talati & Talati LLP**
Chartered Accountants
(Firm Reg No: 110758W/W100377)

Amit Shah

Partner

Place of Signature: Hyderabad Membership Number: 122131
Date: 29th May 2023 UDIN: 23122131BGYHKKP9566

Annexure B to the Auditors' Report

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Pitti Engineering Limited on the standalone financial statements as on 31st March, 2023 we report that:

- (i). (a) (A) The Company is maintaining proper records showing full particulars including quantitative details and situation of property plant and equipment and right of use assets.
- (B) The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of property, plant and equipment, investment property, right of use asset and capital work in-progress to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant, and equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the Note 2A of standalone financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (and Right of Use Assets) or Intangible assets, or both during the year. Accordingly, reporting under Clause 3(i)(d) of the Order is not applicable to the company.
- (e) No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transaction (Prohibition) Act, 1988. Accordingly, reporting under Clause 3(i)(e) of the Order is not applicable to the Company.
- (ii). (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and discrepancies of 10% or more in the aggregate for each class of inventory noticed were dealt with properly in the books of accounts.
- (b) The Company has been sanctioned working capital limits of over five crore rupees, in aggregate, from banks and financial institutions based on the security of current assets; the quarterly returns or statements have been filed by the Company as per the terms of sanction letter with such banks or financial institutions are in agreement with the books of accounts of the Company.
- (iii). In our opinion and according to the information and explanations given to us, The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, reporting under Clause 3(iii)(a) to (f) of the Order is not applicable to the Company.
- (iv). In our opinion and according to the information and explanations given to us, The Company has not given any loans, guarantees and security in respect of which provisions of Sections 185 of the Act are applicable. Investments in respect of which provisions of Section 186 of the Act are applicable, have been complied with by the Company.
- (v). In our opinion and according to the information and explanations given to us, The Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under Clause 3(v) of the Order is not applicable to the Company.
- (vi). We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have not, however made a detailed examination of the same.
- (vii).(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) Details of dues of Income Tax, and Service Tax which has not been deposited as of 31st March, 2023, on account of dispute are given below:

| Sr. No. | Name of statute | Nature of Dues | Amount in (₹ in Lakhs) | Amount Paid under Protest (₹ in Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---------|----------------------|-----------------------|------------------------|--|------------------------------------|---|
| 1 | Income Tax Act, 1961 | Income tax | 5.14 | 1.03 | AY 2018-19 | Commissioner of Income Tax, Hyderabad |
| 2 | Income Tax Act, 1961 | Income Tax | 923.08 | 184.62 | AY 2017-18 | Commissioner of Income Tax, Hyderabad |
| 3 | Income Tax Act, 1961 | Income Tax | 38.24 | 7.65 | AY 2020-21 | Commissioner of Income Tax, Hyderabad |
| 4 | CGST Act, 2017 | Goods and Service Tax | 4.59 | - | FY 2017-18 | Superintendent of Central tax, Aurangabad |
| 5 | Finance Act, 1994 | Service Tax | 54.11 | - | FY 2008-09 to 2010-11 | CESTAT, Bangalore |
| 6 | Finance Act, 1994 | Service Tax | 14.44 | - | FY 2011-12 | CESTAT, Bangalore |

- (viii).According to the information and explanations given to us and on the basis of our examination of the records, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, reporting under Clause 3(viii) of the Order is not applicable to the Company.
- (ix). (a) According to the information and explanations given to us and based on our examination of the records, during the period the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations are given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lenders.
- (c) According to the information and explanations given to us and based on the examination of records of the Company, Term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, no funds raised on short term basis have been used for long term purpose by the Company.
- (e) According to the information and explanations given to us on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or a person on account of or to meet the obligations of its subsidiary.
- (f) According to the information and explanations given to us and based on the examination of records of the Company, the Company has not raised loans during the year on the pledge of the securities held in its subsidiary.
- (x). (a) The Company has not raised any money by the way of an initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially optionally convertible) during the year. Accordingly, reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
- (xi). (a) According to the information and explanations given to us and based on our examination of the records of the Company, based upon the audit procedures performed, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year. Accordingly, reporting under Clause 3(xi)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records during the year, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, reporting under Clause 3 (xi) (b) of the Order is not applicable to the Company.

- (c) According to the information and explanations are given to us, there were no whistle-blower complaints received during the year by the Company. Accordingly, the requirement to report on Clause 3 (xi) (c) of the Order is not applicable to the Company.

(xii).According to the information and explanations are given to us and on the basis of our examination of the records of the Company, the Company is not Nidhi Company as per the provisions of the Act. Accordingly,, the requirement to report on Clause (xii) (a), (b) and (c) of the Order is not applicable to the Company.

(xiii). According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the note no 25.13 of the notes to the Standalone financial statements as required by the applicable accounting standards.

(xiv).(a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv).According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with its directors. Accordingly, the requirement to report on Clause 3(xv) of the Order is not applicable to the Company.

(xvi). (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the requirement to report on Clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on Clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on Clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the group does not have core investment Company. Accordingly, the requirement to report on Clause 3(xvi)(d) of the Order is not applicable to the Company

(xvii). The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the requirement to report on Clause 3(xvii) of the Order is not applicable to the Company.

(xviii). There has been no resignation of the statutory auditors during the year. Accordingly, the requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix). On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx).The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub section (6) of section 135 of Companies Act. Accordingly, reporting under clause 3 (xx) of the Order is not applicable for the year.

For **Talati & Talati LLP**
Chartered Accountants
(Firm Reg No: 110758W/W100377)

Amit Shah
Partner

Place of Signature: Hyderabad Membership Number: 122131
Date: 29th May 2023 UDIN: 23122131BGYHKP9566

Balance Sheet

as at 31st March 2023

₹ in lakhs

| Particulars | Notes | As at 31.03.2023 | As at 31.03.2022 |
|--------------------------------------|-------|---------------------|---------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| (a) Property, plant and equipment | 2A | 27,887.49 | 22,785.15 |
| (b) Capital work-in-progress | 2A | 2,405.69 | 61.23 |
| (c) Intangible Assets | 2B | 919.98 | 1,382.42 |
| (d) Right of use of Assets | 2C | 7,428.52 | 8,283.71 |
| (e) Investment property | 2D | 190.90 | 203.82 |
| (f) Financial Assets | | | |
| (i) Investments | 3A | 1,519.52 | 1,646.00 |
| (ii) Other financial assets | 3B | 852.55 | 190.15 |
| (g) Other non-current assets | 4 | 2,374.58 | 2,318.11 |
| TOTAL NON - CURRENT ASSETS | | 43,579.23 | 36,870.59 |
| CURRENT ASSETS | | | |
| (a) Inventories | 5 | 23,931.40 | 27,228.71 |
| (b) Financial Assets | | | |
| (i) Investments | 6A | 1.11 | 0.73 |
| (ii) Trade receivables | 6B | 18,144.63 | 20,426.46 |
| (iii) Cash and Cash equivalents | 6C | 3,970.04 | 762.95 |
| (iv) Other bank balances | 6D | 2,546.46 | 2,740.43 |
| (v) Other financial assets | 6E | 86.25 | 87.76 |
| (c) Other current assets | 7 | 5,541.38 | 7,527.02 |
| TOTAL CURRENT ASSETS | | 54,221.27 | 58,774.06 |
| TOTAL ASSETS | | 97,800.50 | 95,644.65 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity share capital | 8 | 1,602.92 | 1,602.92 |
| (b) Other equity | 9 | 31,805.75 | 26,794.05 |
| TOTAL EQUITY | | 33,408.67 | 28,396.97 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 10 A | 12,187.91 | 11,018.84 |
| (ii) Lease liability | 10 B | 5,403.58 | 5,274.51 |
| (iii) Other Financial Liabilities | | 0.36 | 0.72 |
| (b) Provisions | 11 | 817.05 | 780.28 |
| (c) Deferred tax liabilities (net) | 12 | 851.08 | 912.73 |
| TOTAL NON-CURRENT LIABILITIES | | 19,259.98 | 17,987.08 |
| CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13A | 16,802.92 | 21,423.95 |
| (ii) Trade payables | 13B | | |
| Dues to micro and small enterprises | | 136.05 | 131.73 |
| Dues to other enterprises | | 24,994.29 | 21,889.90 |
| (iii) Other financial liabilities | 13C | 832.23 | 851.85 |
| (iv) Lease liability | 13D | 1,248.55 | 1,541.07 |
| (b) Other current liabilities | 14 | 453.43 | 1,481.99 |
| (c) Provisions | 15 | 425.14 | 376.90 |
| (d) Income tax liabilities (net) | 16 | 239.24 | 1,563.21 |
| TOTAL CURRENT LIABILITIES | | 45,131.85 | 49,260.60 |
| TOTAL EQUITY AND LIABILITIES | | 97,800.50 | 95,644.65 |

Significant accounting policies and the accompanying notes 1 to 25 are an integral part of the standalone Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141For **Talati & Talati LLP**
Chartered Accountants
Firm's Registration
Number: 110758W/W100377**Sharad B Pitti**
Chairman & Managing Director
DIN:00078716**Akshay S Pitti**
Vice-Chairman &
Managing Director
DIN:00078760**Amit Shah**
Partner
M. No:122131**NR Ganti**
Director
DIN:00021592**M Pavan Kumar**
Chief Financial
Officer
M. No: 216936**Mary Monica Braganza**
Company Secretary &
Compliance Officer
M. No:F5532Place: Hyderabad
Date : 29th May 2023Place: Hyderabad
Date : 29th May 2023

Statement of Profit & Loss

for the year ended 31st March 2023

₹ in lakhs

| Particulars | Notes | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---|-------|----------------------------------|----------------------------------|
| INCOME | | | |
| Revenue from operations | 17 | 1,10,017.15 | 95,382.38 |
| Other income | 18 | 1,781.46 | 1,644.02 |
| TOTAL INCOME | | 1,11,798.61 | 97,026.40 |
| EXPENSES | | | |
| Cost of Materials consumed | 19 | 78,143.23 | 69,425.51 |
| Changes in inventories of work-in-process, finished goods and scrap | 20 | 87.57 | (1,610.57) |
| Employee benefits expenses | 21 | 8,662.85 | 7,847.11 |
| Finance costs | 22 | 4,465.78 | 3,960.39 |
| Depreciation and amortization expenses | 2 | 4,464.97 | 3,886.66 |
| Other expenses | 23 | 7,984.35 | 6,457.25 |
| TOTAL EXPENSES | | 1,03,808.75 | 89,966.35 |
| Profit before tax | | 7,989.86 | 7,060.05 |
| TAX EXPENSES | | | |
| | 24 | | |
| (a) Current tax | | 2,130.09 | 1,955.15 |
| (b) Tax relating to earlier years | | (1.31) | 10.20 |
| (c) Deferred tax | | (21.92) | (95.42) |
| TOTAL TAX EXPENSES | | 2,106.86 | 1,869.93 |
| Profit for the period | | 5,883.00 | 5,190.12 |
| Other Comprehensive Income | | | |
| (i) Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit plans | | (31.74) | 2.93 |
| Change in fair value of non-current investment | | (126.48) | - |
| Change in fair value of current investment | | 0.37 | (0.33) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | | 39.73 | (0.66) |
| (ii) Items that will be reclassified subsequently to profit or loss | | | |
| Total other comprehensive income | | (118.12) | 1.94 |
| Total Comprehensive Income | | 5,764.88 | 5,192.06 |
| Earnings per Equity Share of Face Value of ₹ 5/- each | | | |
| | 25.1 | | |
| (a) Basic | | 18.36 | 16.19 |
| (b) Diluted | | 18.36 | 16.19 |

Significant accounting policies and the accompanying notes 1 to 25 are an integral part of the standalone Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141For **Talati & Talati LLP**
Chartered Accountants
Firm's Registration
Number: 110758W/W100377**Sharad B Pitti**
Chairman & Managing Director
DIN:00078716**Akshay S Pitti**
Vice-Chairman &
Managing Director
DIN:00078760**Amit Shah**
Partner
M. No:122131**NR Ganti**
Director
DIN:00021592**M Pavan Kumar**
Chief Financial
Officer
M. No: 216936**Mary Monica Braganza**
Company Secretary &
Compliance Officer
M. No:F5532Place: Hyderabad
Date : 29th May 2023Place: Hyderabad
Date : 29th May 2023

Statement of Changes In Equity

for the year ended 31st March 2023

(a) Equity Share Capital

| Particulars | Note No. | ₹ in lakhs |
|---|----------|-----------------|
| Balance as at 1st April 2021 | | 1,602.92 |
| Changes in equity share capital during the year | | - |
| Balance as at 31st March 2022 | 8 | 1,602.92 |
| Balance as at 1st April 2022 | | 1,602.92 |
| Changes in equity share capital during the year | | - |
| Balance as at 31st March 2023 | 8 | 1,602.92 |

(b) Other Equity

| Particulars | Reserves and Surplus | | | Items of other comprehensive income | | |
|---|----------------------|-----------------|-------------------|-------------------------------------|-------------------------------|--------------------|
| | Securities Premium | General Reserve | Retained Earnings | Equity Instruments | Other items | Total Other Equity |
| | | | | through other comprehensive income | of other comprehensive income | |
| Balance as at 1st April 2021 | 8,106.46 | 750.48 | 13,054.05 | (92.91) | 160.50 | 21,978.58 |
| Profit and loss during period | - | - | 5,190.12 | - | - | 5,190.12 |
| Fair Valuation of investments | - | - | - | (0.25) | - | (0.25) |
| Actuarial Gain / Loss | - | - | - | - | 2.19 | 2.19 |
| Total Comprehensive Income for the previous year | 8,106.46 | 750.48 | 18,244.17 | (93.16) | 162.69 | 27,170.64 |
| Dividends | - | - | (376.59) | - | - | (376.59) |
| Transfer to retained earnings | - | - | - | - | - | - |
| Balance as at 31st March 2022 | 8,106.46 | 750.48 | 17,867.58 | (93.16) | 162.69 | 26,794.05 |
| Balance as at 1st April 2022 | 8,106.46 | 750.48 | 17,867.58 | (93.16) | 162.69 | 26,794.05 |
| Profit and loss during period | - | - | 5,883.00 | - | - | 5,883.00 |
| Fair Valuation of investments | - | - | - | (94.37) | - | (94.37) |
| Actuarial Gain Loss | - | - | - | - | (23.75) | (23.75) |
| Total Comprehensive Income for the current year | 8,106.46 | 750.48 | 23,750.58 | (187.53) | 138.94 | 32,558.93 |
| Dividends | - | - | (753.18) | - | - | (753.18) |
| Transfer to retained earnings | - | - | - | - | - | - |
| Balance as at 31st March 2023 | 8,106.46 | 750.48 | 22,997.40 | (187.53) | 138.94 | 31,805.75 |

Significant accounting policies and the accompanying notes 1 to 25 are an integral part of the standalone Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited

CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**
Chartered Accountants
Firm's Registration
Number: 110758W/W100377

Sharad B Pitti
Chairman & Managing Director
DIN:00078716

Akshay S Pitti
Vice-Chairman &
Managing Director
DIN:00078760

Amit Shah
Partner
M. No:122131

NR Ganti
Director
DIN:00021592

M Pavan Kumar
Chief Financial
Officer
M. No: 216936

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

Place: Hyderabad
Date : 29th May 2023

Place: Hyderabad
Date : 29th May 2023

Cash Flow Statement

for the year ended 31st March 2023

₹ in lakhs

| Particulars | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|----------------------------------|----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 7,989.86 | 7,060.05 |
| Adjusted for | | |
| Depreciation and amortisation | 4,464.97 | 3,886.66 |
| Interest Income | (176.26) | (96.38) |
| Credit Risk Impaired | 43.54 | 70.60 |
| Credit Risk Allowance | (0.55) | (61.11) |
| Loss / (Profit) on sale of fixed assets (net) | (21.70) | (30.14) |
| Re-measurement gains/(losses) on employee defined benefit plans | (31.74) | 2.93 |
| Re-measurement gains/(losses) on Investments | 0.38 | (0.33) |
| Loss on current financial assets measured at FVTPL | (0.38) | 0.33 |
| Advance received for Asseets held for sale | - | (385.00) |
| Unrealised foreign exchange differences | 75.94 | 256.13 |
| Finance Costs | 4,465.78 | 16,809.84 |
| Operating Profit before Working Capital changes | 16,809.84 | 14,664.13 |
| Working Capital changes adjusted for | | |
| Trade & Other Receivables | 3,490.96 | (7,750.26) |
| Inventories | 3,297.31 | (11,506.62) |
| Trade and other payables | 2,071.55 | 15,178.87 |
| | 8,859.82 | (4,078.01) |
| Cash generated from operations | 25,669.66 | 10,586.12 |
| Direct Taxes Paid | (3,452.75) | (1,792.76) |
| Cash Flow before extraordinary items | 22,216.91 | 8,793.36 |
| Net Cash Flow From Operating Activities - (A) | 22,216.91 | 8,793.36 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant & equipment and intangibles | (9,570.85) | (6,148.41) |
| Advances to Property, Plant & equipment and intangibles | (63.10) | (1,542.26) |
| ROU Assets as per IND AS 116 | (1,063.57) | (1,707.17) |
| Proceeds from sale of fixed assets | 171.48 | 73.70 |
| Interest income received | 155.19 | 45.69 |
| Net Cash used in Investing Activities - (B) | (10,370.85) | (9,278.45) |

Cash Flow Statement

for the year ended 31st March 2023

₹ in lakhs

| Particulars | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|---|----------------------------------|----------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Cash Payments for Principal portion of lease liability | (160.58) | 90.50 |
| Cash Payments for interest portion of lease liability | (2.87) | (14.68) |
| Proceeds from Borrowings - Noncurrent (including current maturities) | 3,819.65 | 9,097.55 |
| Repayment of Borrowings - Noncurrent (including current maturities) | (3,177.58) | (4,281.34) |
| Borrowings - Current (Net) | (4,094.03) | (96.78) |
| Finance charges | (4,465.78) | (3,532.03) |
| Long Term Deposits received | (0.36) | - |
| Term Deposit Accounts with financial institutions | 195.76 | 334.68 |
| Payment of Dividend | (751.39) | (376.59) |
| Unclaimed Dividend | (1.79) | 1.83 |
| | (8,638.97) | 1,223.14 |
| Net Cash used in Finance Activities - (C) | (8,638.97) | 1,223.14 |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 3,207.09 | 738.05 |
| Opening Balance in Cash and Cash Equivalents | 762.95 | 24.90 |
| Closing Balance in Cash and Cash Equivalents | 3,970.04 | 762.95 |
| Components of cash and cash equivalents: | | |
| Cash on hand | 3.31 | 9.65 |
| Balances with banks | | |
| Current accounts | 1,234.62 | 752.27 |
| EEFC accounts | 1.11 | 1.03 |
| Term Deposit Accounts with in 3 months of maturity (Without lien) | 2,731.00 | - |
| Total cash and cash equivalents | 3,970.04 | 762.95 |

As per our report of even date

For and on behalf of the Board of Directors of

Pitti Engineering Limited

CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**

Chartered Accountants
Firm's Registration
Number: 110758W/W100377

Sharad B Pitti

Chairman & Managing Director
DIN:00078716

Akshay S Pitti

Vice-Chairman &
Managing Director
DIN:00078760

Amit Shah

Partner
M. No:122131

NR Ganti

Director
DIN:00021592

M Pavan Kumar

Chief Financial
Officer
M. No: 216936

Mary Monica Braganza

Company Secretary &
Compliance Officer
M. No:F5532

Place: Hyderabad

Date : 29th May 2023

Place: Hyderabad

Date : 29th May 2023

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1. CORPORATE INFORMATION

Pitti Engineering Limited ("the Company") is a public company incorporated in India. The registered office of the Company is located at 4th floor, Padmaja Landmark, Somajiguda, Hyderabad – 500082 Telangana India. Its shares are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

The Company is engaged in the manufacturing of engineering products of iron and steel including electrical steel laminations stator & rotor core assemblies sub-assemblies pole assemblies die-cast rotors press tools and high precision machining of various metal components.

1.2. BASIS OF PREPARATION AND PRESENTATION

The financial statements of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time.

Company's financial statements are presented in Indian Rupees (₹) which is also its functional currency and all values are rounded to the nearest lakh (₹ 00000) except when otherwise indicated.

The shareholders have the power to amend the Financial Statements after the issue.

1.3. PREPARATION OF FINANCIAL STATEMENTS

(a) Basis of Accounting

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 read with Section 133 of Companies Act, 2013 as amended from time to time.

The Financial statements have been prepared on an accrual basis and in accordance with the on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of

an asset or a liability the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis except for measurements that have some similarities to fair value but are not fair value such as net realizable value in Ind AS 2.

(b) Significant accounting judgments estimates and assumptions

The preparation of the Company's financial statements in conformity with Ind AS requires the management to make judgments estimates and assumptions that affect the reported amounts of revenues expenses assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The management believes that the estimates used in preparation of financial statements are prudent and reasonable.

Estimates and underlying assumptions are reviewed at each reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future period is effected.

(c) Current/ Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle

Notes to Financial Statements

for the year ended 31st March 2023

- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

1.4. PROPERTY PLANT AND EQUIPMENT

Freehold land is measured at cost and not depreciated. All other items of property plant and equipment (includes Tools and Dies) are stated at cost less accumulated depreciation and impairment loss if any.

Cost includes cost of acquisition installation or construction other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes GST eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment costs of dismantling and removing the item and restoring the site on which it is located and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals the same were depreciated separately based on their specific useful lives.

All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

The Company records a provision for dismantling cost towards Plant and Machinery wherever applicable. Dismantling costs are provided at the present value of future expenditure using the current pre-tax rate expected to be incurred to fulfil dismantling obligation and are recognized as part of the cost of the underlined asset. Any change in the present value of expenditure other than unwinding of discount on the provision is reflected as adjustment to the

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act 2013 except in respect of the assets where the useful life estimated by Management is different from the Act details are given below.

| Category of asset | Estimated useful lives as assessed by the Management | Useful lives as per Schedule II to the Act |
|------------------------|--|--|
| Factory Building | 5-30 years | 30 years |
| Leasehold Building | 8-30 years | 30 years |
| Furniture and Fixtures | 2-10 years | 10 years |

provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the statement of profit and loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost comprising of direct costs related incidental expenses and attributable interest.

All identifiable Revenue expenses including interest incurred in respect of various projects / expansion net of income earned during the project development stage prior to its intended use are considered as pre – operative expenses and disclosed under Capital Work-in-Progress.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as “Capital Advances” under other non-current assets.

Property plant and equipment are eliminated from financial statements either on disposal or when retired from active use. Losses arising in the case of the retirement of property plant and equipment and gains or losses arising from disposal of property plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

‘Depreciable amount for assets is the cost of an asset or other amount substituted for cost less its estimated residual value. Property Plant and Equipment is provided on straight-line method over the useful life of the assets as specified in Schedule II to the Companies Act 2013. Building constructed on leasehold land is depreciated based on the useful life specified in Schedule II to the Companies Act 2013 where the lease period of the land is beyond the life of the building. Any Capital Expenditure costing 5000 or less are treated as a Revenue Expenditure and recognized in the statement of profit and loss in the year in which it is incurred.

Notes to Financial Statements

for the year ended 31st March 2023

Annexure-2

| Category of asset | Estimated useful lives as assessed by the Management | Useful lives as per Schedule II to the Act |
|-------------------------------|--|--|
| Patterns Match Plates | 5-10 years | 15 years |
| Plant & Machinery | 2-20 years | 15 years |
| Electricals | 2-15 years | 10 years |
| Office Equipment | 3-15 years | 5 years |
| Lab & Test Equipment | 2-10 years | 10 years |
| Other Miscellaneous Equipment | 2-25 years | 15 years |
| Vehicles-Motor Cycle | 10 years | 10 years |
| Vehicles-Motor Cars | 2-8 years | 8 years |
| Computers – Servers | 6 years | 6 years |
| Computers – Desktops | 3-6 years | 3 years |

The useful life of each tool has been estimated in number of strokes; hence Depreciation has also been done on the number of strokes made by each tool during the year. However if any tool wears out or gets obsolete before expiry of the estimated life the remaining value of the tool is depreciated during that year.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortization and impairment loss if any.

Intangible assets including software is amortized over their estimated useful life on straight line basis from the date they are available for intended use subject to impairment test.

The estimated useful life and the amortization period of the intangible assets are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern if any.

Development expenditures on an individual product/project are recognized as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that the asset will be available for use or sale its intention to complete and use or sell the asset its ability to use or sell the asset how the asset will generate future economic benefits the availability of resources to complete the asset and the availability to measure reliably the expenditure during development.

Product development cost are amortized on a straight-line basis over a period of 60 months.

Subsequent cost

Subsequent costs incurred for replacement of a major component of an asset are included in the asset’s carrying cost or recognized as a separate asset as appropriate. The carrying values of the replaced components are recognized to statement of Profit and Loss when replaced.

De-recognition

An item of property plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Gains or losses arising from de-recognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

INVESTMENT PROPERTY

Properties that are held for long-term rental yields and/or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Depreciation is recognised using the straight-line method so as to amortise the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act 2013. Transfers to or from investment properties are made at the carrying amount when and only when there is a change in use. An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise

Notes to Financial Statements

for the year ended 31st March 2023

from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

1.5. REVENUE RECOGNITION

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

The control is transferred upon shipment of goods to the customer or when the goods is made available to the customer provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over the time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts offered by the company as part of the contract. Consideration is due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

(a) Interest income

Interest Income from financial asset is recognized when it is probable that the economic benefits flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

(b) Dividend income

Dividend income is recognized when the Company's right to receive the payment is established which is generally when shareholders approve the dividend.

(c) Other income

Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

Income from export incentives under Foreign Trade Policy relating to RodTep, duty drawback premium on sale of import licenses and lease license fee are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

1.6. INVESTMENTS

The company has accounted for its investment in subsidiary at cost less impairment loss (if any).

All other equity investments are measured at fair value, with value changes recognized in Statement of Profit and Loss, except for those equity investments for which the company has elected to present the change in 'Other Comprehensive Income'.

Investments are classified into current and non-current investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments. However that part of long term investments which are expected to be realized within twelve months from Balance Sheet date is also presented under "Current Investment" under "Current portion of long term investments" in consonance with the current / non-current classification of Schedule III of the Act.

1.7. INVENTORIES

- Inventories include raw material work in progress finished goods scrap and stores spares and consumables and is carried at the weighted average cost or net realizable value whichever is lower.
- The cost of inventories is computed to include all cost of purchases cost of conversion standard overheads and other related cost incurred in bringing the inventories to their present condition.
- Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

1.8. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The financial statements are presented in Indian Rupee (₹) which is the Company's functional and presentation currency.

Notes to Financial Statements

for the year ended 31st March 2023

Foreign exchange differences arising on foreign currency borrowings is disclosed under finance cost other than on 'Borrowing costs' in accordance with Ind AS 23 which is directly attributable to the acquisition construction or production of a qualifying asset forming part of the cost of the asset.

Net gain or loss on foreign currency translations on trade receivables and trade payables is classified under other income or other expenses as the case may be.

(a) Initial Recognition

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

(b) Measurement of foreign currency items at the Balance Sheet date

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date not covered by forward exchange contracts are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-Monetary assets are recorded at the rates prevailing on the date of the transaction.

1.9. EMPLOYEE BENEFITS

Defined Contribution Plan

Contribution as per Employee's Provident Funds and Miscellaneous Provisions Act 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Short term employee benefits are recognised on an undiscounted basis whereas Long term employee benefits are recognised on a discounted basis.

Defined Benefit Plan

Gratuity: In accordance with applicable Indian Laws the Company provides gratuity a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date.

Leave Encashment: In accordance with applicable Indian Laws the Company provides Encashment of Leave a defined benefit plan (Leave Encashment Plan) covering all employees. Liability with regard to Leave Encashment Plan is accrued based on actuarial valuation at the Balance Sheet date.

Measurements comprising of actuarial gains and losses the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs past-service costs gains and losses on curtailments and non-routine Settlements; and
- Net interest expense or income

Termination Benefits

When the employee early retirement/termination/resignation/withdrawal the normal retirement benefit will be paid based on the service up to the date of exit.

1.10. BORROWING COSTS

Borrowing cost includes interest amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost if any.

Borrowing costs which are directly attributable to the acquisition/construction or production of a qualifying asset till the time such assets are ready for intended use

Notes to Financial Statements

for the year ended 31st March 2023

are capitalized as part of the costs of such assets. Other Borrowing costs are recognized as expenses in the year in which they are incurred.

1.11. LEASES

The Company as a lessee

As per Ind AS-116 the Company has recognized lease liabilities and corresponding equivalent right-of-use assets. The Company's lease asset primarily consist of leases for Land Buildings Plant & Machinery and Vehicles. The Company assesses whether a contract contains a lease at inception of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

- (i) The contract involves the use of an identified asset.
- (ii) The Company has substantially all the economic benefits from use of the asset through the period of the lease and
- (iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease the Company recognizes a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases the Company recognizes the lease payments as an operating expense.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or if not readily determinable using the incremental borrowing rates in the country of domicile of these leases.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not

be recoverable. For the purpose of impairment testing the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

1.12. IMPAIRMENT

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13. EARNINGS PER SHARE

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share the net profit after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity

Notes to Financial Statements

for the year ended 31st March 2023

shares are deemed to be converted as of the beginning of the year unless they have been issued at a later date.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares as appropriate.

1.14. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chairman and Managing Director and Vice Chairman and Managing Director have been identified as the Chief Operating Decision Maker. Refer note 25.11 for the segment information presented.

1.15. PROVISIONS AND CONTINGENCIES

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote no provision or disclosure is made.

The expenses relating to a provision is presented in the Statement of Profit & Loss net of any reimbursement.

1.16. TAXATION

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company has adopted and effected the reduced corporate tax rate permitted under section 115BAA of the Income Tax Act 1961 as per the Taxation Laws (Amendment) Ordinance 2019. The tax calculations for the year ended 31st March 2022 have been made accordingly.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

1.17. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognized initially at fair value in the case of financial assets not recorded at fair value through profit or loss transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e. the date that the Company commits to purchase or sell the asset.

Notes to Financial Statements

for the year ended 31st March 2023

However, Trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- (i) Debt instruments at amortized cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (iii) Debt instruments derivatives and equity instruments at fair value through profit or loss (FVTPL)
- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt Instruments at Amortized Cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI then all fair value changes on the instrument excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to P&L even on sale of investment. However the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- (i) The rights to receive cash flows from the asset have expired or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
 - (a) The Company has transferred substantially all the risks and rewards of the asset or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of Financial Assets

In accordance with Ind AS 109 the Company uses expected credit loss model for evaluating impairment of financial assets other than those measured at sale value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to :

- The twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument but are possible within twelve months after the reporting date.) : or
- Full life time expected credit losses (expected credit losses that result from those default events over the life of the financial instrument).

For trade receivables the Company applies simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables at every reporting date the existing trade receivables are reviewed and accordingly required credit loss is recognized in books.

For other assets (other than trade receivables) the Company uses twelve months expected credit loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full life time expected credit loss is used.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss loans and borrowings payables or as derivatives designated as hedging instruments in an effective hedge as appropriate.

Notes to Financial Statements

for the year ended 31st March 2023

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables loans and borrowings including bank overdrafts financial guarantee contracts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and Borrowings

This is the category most relevant to the Company. After initial recognition interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Derivative Financial Instrument and Hedge Accounting

The company uses derivative financial instruments such as forward exchange contracts and interest rate risk exposures to hedge its risk associated with foreign currency fluctuations and changes in interest rates.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis except for measurements that have some similarities to fair value but are not fair value such as net realizable value in Ind AS 2.

Levels of Risk in Fair Value Measurement:

Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs)

1.18. EXCEPTIONAL ITEM

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to their nature or incidence.

1.19 GOVERNMENT GRANT

Government grants including any non-monetary grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognized in the statement of profit and loss on a systematic basis over the periods in which the related costs, which the grants are intended to compensate, are recognised as expenses. Government grants related to property, plant and equipment are presented at fair value and grants are recognised as deferred income.

Notes to Financial Statements

for the year ended 31st March 2023

NOTE : 2

NOTE : 2A PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|------------------------------------|---------------------|------------------|-------------------|---------------------|---------------------|-----------------|-----------------|---------------|---------------------|---------------------|
| | As at 01.04.2022 | ADDITIONS | ADJUSTMENTS | As at 31.03.2023 | As at 01.04.2022 | FOR THE YEAR | FOR RESERVES | ADJUSTMENTS | As at 31.03.2023 | As at 31.03.2022 |
| Tangible Assets | | | | | | | | | | |
| Land | 1,819.87 | 14913 | - | 1,969.00 | - | - | - | - | - | 1,819.87 |
| Factory Building | - | - | - | - | - | - | - | - | - | - |
| - on Own premises | 3,539.93 | 48.00 | - | 3,587.93 | 816.16 | 130.49 | - | - | 946.65 | 2,641.28 |
| - on Lease hold Property | 1,302.23 | 157.20 | - | 1,459.43 | 758.84 | 52.52 | - | - | 811.36 | 648.07 |
| Office Building | - | - | - | - | - | - | - | - | - | - |
| - on Lease hold Property | 48.37 | - | - | 48.37 | - | 3.70 | - | - | 3.70 | 44.67 |
| Plant & Equipment | 27,759.77 | 4,642.98 | 1,693.94 | 34,096.69 | 14,856.03 | 2,261.72 | - | 726.72 | 17,844.47 | 16,252.22 |
| Tools | 4,600.26 | 1,285.66 | (171.99) | 5,713.93 | 738.62 | 314.85 | - | (100.53) | 952.94 | 4,760.99 |
| Patterns, Match plates & Mould Box | 447.31 | 57.64 | - | 504.95 | 122.01 | 59.33 | - | - | 181.34 | 323.61 |
| Office Equipment | 325.50 | 67.31 | (3.53) | 389.28 | 220.64 | 43.65 | - | (3.45) | 260.84 | 128.44 |
| Furniture & Fixtures | 193.44 | 109.72 | - | 303.16 | 141.21 | 16.65 | - | - | 157.86 | 145.30 |
| Other-Computers | 397.10 | 59.07 | (92.47) | 363.70 | 323.50 | 33.85 | - | (88.87) | 268.48 | 95.22 |
| Vehicles | 767.96 | 693.28 | (248.30) | 1,212.94 | 391.21 | 147.26 | - | (204.22) | 334.25 | 878.69 |
| Sub Total | 41,153.37 | 7,318.36 | 1,177.65 | 49,649.38 | 18,368.22 | 3,064.02 | - | 329.65 | 21,761.89 | 22,785.15 |
| Capital Work In Progress | 61.23 | 11,420.72 | (9,076.26) | 2,405.69 | - | - | - | - | 2,405.69 | 61.23 |

During the current year, 85.80 lakhs (Previous year ₹ Nil) interest capitalized on term loans.

Capital Work in Progress ageing schedule

| Particulars | As on 31 st March 2023 | | | | Total |
|--------------------------------|--------------------------------|--------------|-----------|----------------------|-----------------|
| | Amount in CWIP for a period of | | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 2,348.38 | 57.31 | - | - | 2,405.69 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 2,348.38 | 57.31 | - | - | 2,405.69 |

₹ in lakhs

Notes to Financial Statements

for the year ended 31st March 2023

NOTE : 2B INTANGIBLE ASSETS

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|------------------------------|---------------------|-------------|-------------|---------------------|---------------------|-----------------|-----------------|-------------|---------------------|---------------------|
| | As at 01.04.2022 | ADDITIONS | ADJUSTMENTS | As at 31.03.2023 | As at 01.04.2022 | FOR THE YEAR | FOR RESERVES | ADJUSTMENTS | As at 31.03.2023 | As at 31.03.2022 |
| Computer Software | 829.62 | 3.40 | - | 833.02 | 652.06 | 74.54 | - | - | 726.60 | 106.42 |
| Product Development Expenses | 2,086.64 | - | - | 2,086.64 | 881.78 | 391.30 | - | - | 1,273.08 | 813.56 |
| Sub Total | 2,916.26 | 3.40 | - | 2,919.66 | 1,533.84 | 465.84 | - | - | 1,999.68 | 919.98 |

₹ in lakhs

NOTE: 2C RIGHT OF USE ASSETS

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---------------------|---------------------|-----------------|-------------------|---------------------|---------------------|-----------------|-----------------|-----------------|---------------------|---------------------|
| | As at 01.04.2022 | ADDITIONS | ADJUSTMENTS | As at 31.03.2023 | As at 01.04.2022 | FOR THE YEAR | FOR RESERVES | ADJUSTMENTS | As at 31.03.2023 | As at 31.03.2022 |
| Land | 227.69 | - | - | 227.69 | 53.64 | 17.88 | - | - | 71.52 | 156.17 |
| Building | 2,602.44 | - | - | 2,602.44 | 389.35 | 156.29 | - | - | 545.64 | 2,056.80 |
| Plant and Machinery | 6,809.82 | 1,064.77 | (1,825.34) | 6,049.25 | 977.82 | 723.97 | - | (827.57) | 874.22 | 5,175.03 |
| Vehicles | 115.85 | - | - | 115.85 | 51.28 | 24.05 | - | - | 75.33 | 40.52 |
| Subtotal | 9,755.80 | 1,064.77 | (1,825.34) | 8,995.23 | 1,472.09 | 922.19 | - | (827.57) | 1,566.71 | 7,428.52 |

₹ in lakhs

Note: 2D INVESTMENT PROPERTY*

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|------------------------------|---------------------|-----------------|------------------|---------------------|---------------------|-----------------|-----------------|-----------------|---------------------|---------------------|
| | As at 01.04.2022 | ADDITIONS | ADJUSTMENTS | As at 31.03.2023 | As at 01.04.2022 | FOR THE YEAR | FOR RESERVES | ADJUSTMENTS | As at 31.03.2023 | As at 31.03.2022 |
| Land | 0.49 | - | - | 0.49 | - | - | - | - | - | 0.49 |
| Factory Building | 452.55 | - | - | 452.55 | 249.22 | 12.92 | - | - | 262.14 | 190.41 |
| Sub Total | 453.04 | - | - | 453.04 | 249.22 | 12.92 | - | - | 262.14 | 190.90 |
| Grand Total (A+B+C+D) | 54,278.47 | 8,386.53 | (6,47.69) | 62,017.31 | 21,623.37 | 4,464.97 | - | (497.92) | 25,590.42 | 36,426.89 |
| Excluding CWIP | | | | | | | | | | |
| Previous Year | 46,520.23 | 7,837.42 | (79.18) | 54,278.47 | 17,772.33 | 3,886.66 | - | (35.62) | 21,623.37 | 32,655.10 |

* Fair Market Value on 05.05.2023 is ₹ 1551.89 Lakhs as per valuation report given by registered independent valuer

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 3A : INVESTMENTS

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Investment with Pitti Castings Private Limited (Unquoted) | | |
| a. Equity Shares | 281.52 | 408.00 |
| (40,80,000 equity shares at face value ₹10/- each, previous year 40,80,000) Presented as per Fair Market Value as per Ind AS Requirement | | |
| b. Redeemable Preferential shares | 1,233.00 | 1,233.00 |
| (1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹10/- each) | | |
| Investment with Pitti Rail and Engineering Components Ltd (Wholly Subsidiary Company)(Unquoted) | | |
| Equity Shares | 5.00 | 5.00 |
| (50,000 equity shares at face value ₹10/- each, previous year 50,000) -100% Subsidiary Company Presented at cost less impairment loss | | |
| TOTAL OF UNQUOTED INVESTMENTS | 1,519.52 | 1,646.00 |

NOTE 3B : OTHER FINANCIAL ASSETS

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Unsecured, considered good | | |
| Term Deposits with Financial Institutions | 807.20 | 150.50 |
| Security Deposits: | | |
| Rent | 31.01 | 28.79 |
| With suppliers | 14.34 | 10.86 |
| TOTAL | 852.55 | 190.15 |

NOTE 4 : OTHER NON CURRENT ASSETS

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Unsecured, considered good | | |
| Capital Advance for Property, Plant and Equipment | 2,203.65 | 2,140.55 |
| Prepaid Expenses - Rent Deposits | 43.75 | 47.38 |
| Gold Coins | 1.49 | 1.49 |
| Deposits: | | |
| With government bodies | 125.69 | 128.69 |
| TOTAL | 2,374.58 | 2,318.11 |

NOTE 5 : INVENTORIES

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| (At lower of cost or Net realisable value) | | |
| Raw material | 13,402.64 | 16,874.32 |
| Material in Transit - Raw Material | 289.23 | 26.46 |
| Work in process | 3,669.33 | 4,597.69 |
| Finished goods | 4,489.04 | 3,609.12 |
| Stores and spares | 2,058.44 | 2,059.27 |
| Scrap | 22.72 | 61.85 |
| TOTAL | 23,931.40 | 27,228.71 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 6A : INVESTMENTS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Investment in Equity Shares | | |
| I. Quoted | | |
| Development Credit Bank Ltd. | 1.07 | 0.69 |
| Face Value 1,000 Equity Shares of ₹10/- each Presented as per Fair Market Value as per Ind AS Requirement | | |
| II. Unquoted | | |
| Saraswat Co-operative Bank Ltd. | 0.01 | 0.01 |
| 50 Equity Shares of ₹10/- each | | |
| S.V. Co-operative Bank Ltd | 0.03 | 0.03 |
| 100 Equity Shares of ₹10/- each | | |
| TOTAL | 1.11 | 0.73 |

NOTE 6B : TRADE RECEIVABLES

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Trade Receivables considered good - Secured | - | - |
| Trade Receivables considered good - Unsecured | 18,188.17 | 20,497.61 |
| Trade Receivables which have Significant increase in Credit Risk | - | (0.55) |
| Trade Receivables - credit impaired | (43.54) | (70.60) |
| TOTAL | 18,144.63 | 20,426.46 |

*Sales against Letter of Credit

Trade Receivables ageing schedule for the year ended 31 st March 2023

| Particulars | ₹ in lakhs | | | | | | |
|---|-------------------|-----------------------|---------------------|--------------|--------------|----------------------|------------------|
| | Amount not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables — considered good | 16,728.60 | 1,401.90 | 10.66 | 46.88 | 0.05 | 0.08 | 18,188.17 |
| (ii) Undisputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables — credit impaired | - | - | - | (43.54) | - | - | (43.54) |
| (iv) Disputed Trade Receivables — considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables — credit impaired | - | - | - | - | - | - | - |
| Total {(i)-[(ii)-(iii)]}+{(iv)-[(v)-(vi)]} | 16,728.60 | 1,401.90 | 10.66 | 3.34 | 0.05 | 0.08 | 18,144.63 |

Trade Receivables ageing schedule for the year ended 31 st March 2022

| Particulars | ₹ in lakhs | | | | | | |
|---|-------------------|-----------------------|---------------------|--------------|--------------|----------------------|------------------|
| | Amount not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables — considered good | 18,066.78 | 2,341.29 | 17.06 | 0.36 | 0.90 | 71.23 | 20,497.61 |
| (ii) Undisputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | (0.55) | (0.55) |
| (iii) Undisputed Trade Receivables — credit impaired | - | - | - | - | - | (70.60) | (70.60) |
| (iv) Disputed Trade Receivables — considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables — credit impaired | - | - | - | - | - | - | - |
| Total {(i)-[(ii)-(iii)]}+{(iv)-[(v)-(vi)]} | 18,066.78 | 2,341.29 | 17.06 | 0.36 | 0.90 | 0.07 | 20,426.46 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 6C : CASH AND CASH EQUIVALENTS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Cash on Hand | 3.31 | 9.65 |
| Balances with banks | | |
| Current Accounts | 1,234.62 | 752.27 |
| EEFC Accounts | 1.11 | 1.03 |
| Term Deposit Accounts with in 3 months of maturity | 2,731.00 | - |
| Cash & Cash equivalents - Total | 3,970.04 | 762.95 |

NOTE 6D : OTHER BANK BALANCES

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Bank Balances other than cash & cash equivalents mentioned above | | |
| Unclaimed dividend account (Refer note a) | 8.73 | 6.94 |
| Term Deposits - held as margin money for NFB limits | 2,537.73 | 2,733.49 |
| Other bank balances - Total | 2,546.46 | 2,740.43 |

Note:

- a) During the year an amount of ₹ 3.92 lakhs final dividend for the year 2014-15 was transferred to Investor Education and Protection Fund (IEPF) (previous year 2.91 lakhs final dividend for the year 2013-14 & ₹ 2.14 lakhs interim dividend for the year 2014-15)

NOTE 6E : OTHER FINANCIAL ASSETS

| Particulars | ₹ in lakhs | |
|------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Interest accrued on Deposits | 86.25 | 65.18 |
| Earnest Money Deposit Amount | - | 22.58 |
| TOTAL | 86.25 | 87.76 |

NOTE 7 : OTHER CURRENT ASSETS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| (Unsecured and considered good) | | |
| Advances to: | | |
| Material suppliers/contractors | 1,184.41 | 778.51 |
| Central Excise, Sales tax, GST etc., | 1,981.94 | 3,101.34 |
| Export Incentive Receivables | 35.66 | 175.53 |
| State Industrial Promotion Subsidy receivables | 1,410.86 | 2,876.27 |
| Income Tax and other taxes | 240.66 | 233.01 |
| Employees | 2.99 | 2.26 |
| Prepaid expenses | 684.86 | 360.10 |
| TOTAL | 5,541.38 | 7,527.02 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 8 : EQUITY SHARE CAPITAL

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Authorised Capital | | |
| 6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 5/- each | 3,000.00 | 3,000.00 |
| TOTAL | 3,000.00 | 3,000.00 |
| Issued, Subscribed and Paid up | 1,602.50 | 1,602.50 |
| 3,20,50,067 (Previous year 3,20,50,067) Equity shares of ₹ 5/- each | | |
| 8,300 (Previous year 8,300) Equity Shares forfeited of ₹ 5/- each | 0.42 | 0.42 |
| TOTAL | 1,602.92 | 1,602.92 |

Notes

(a) Reconciliation of equity shares

| Particulars | As at 31.03.2023 | | As at 31.03.2022 | |
|--|--------------------|-----------------|--------------------|-----------------|
| | No. of Shares | ₹ in lakhs | No. of Shares | ₹ in lakhs |
| Issued, subscribed and paid-up capital | | | | |
| At the beginning of the period | 3,20,50,067 | 1,602.50 | 3,20,50,067 | 1,602.50 |
| Issued during the period | - | - | - | - |
| At the closing of the period | 3,20,50,067 | 1,602.50 | 3,20,50,067 | 1,602.50 |

(b) Rights, preferences and restrictions attached to shares :

The Company has only one class of equity shares having a par value of ₹ 5/- each and the holder of the equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting except in the case of interim dividend. In the event of liquidation of the Company the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to their share holding.

(c) Details of Shareholders holding more than 5% equity shares in the Company

| Name | As at 31.03.2023 | | As at 31.03.2022 | |
|------------------------------------|------------------|-------------------|------------------|-------------------|
| | No. of Shares | % of Total Shares | No. of Shares | % of Total Shares |
| Shri Sharad B Pitti | 43,49,926 | 13.57 | 43,49,926 | 13.57 |
| Shri Akshay S Pitti | 42,28,414 | 13.19 | 42,28,414 | 13.19 |
| Smt Madhuri S Pitti | 17,58,620 | 5.49 | 17,58,620 | 5.49 |
| Pitti Electrical Equipment Pvt Ltd | 86,47,267 | 26.98 | 86,46,667 | 26.98 |

(d) Shares held by promoters at the end of the year

| Promoter Name | As at 31.03.2023 | | As at 31.03.2022 | | % Change during the year |
|-------------------------------------|------------------|-------------------|------------------|-------------------|--------------------------|
| | No. of shares | % of total shares | No. of shares | % of total shares | |
| Shri Sharad B Pitti | 43,49,926 | 13.57 | 43,49,926 | 13.57 | - |
| Shri Akshay S Pitti | 42,28,414 | 13.19 | 42,28,414 | 13.19 | - |
| Smt Madhuri S Pitti* | 17,58,620 | 5.49 | 17,58,620 | 5.49 | - |
| Pitti Electrical Equipment Pvt Ltd* | 86,47,267 | 26.98 | 86,46,667 | 26.98 | - |
| Sharad B Pitti HUF* | 17,000 | 0.06 | 17,000 | 0.06 | - |

* Promoter Group

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 8 : EQUITY SHARE CAPITAL (Contd..)

(e) Dividend paid:

| Particulars | ₹ in lakhs | |
|-----------------------------|------------|---------|
| | 2022-23 | 2021-22 |
| Dividend Paid (₹ in Lakhs) | 753.18 | 376.59 |
| Dividend Paid per share (₹) | 2.70 | 2.025 |

The Board of Directors have recommended a final dividend of ₹ 1.20(24%) per equity share of ₹ 5/- each for the year ended 31st March, 2023 subject to approval of members of the Company at the ensuing 39th Annual General Meeting.

Note 9 : OTHER EQUITY

| Particulars | ₹ in lakhs | |
|---|------------------|------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Securities Premium | | |
| At the beginning of the year | 8,106.46 | 8,106.46 |
| Add: during the period | - | - |
| At the closing of the period | 8,106.46 | 8,106.46 |
| General Reserve | | |
| At the beginning of the year | 750.48 | 750.48 |
| Less: adjustment as per Schedule -II of Companies Act, 2013 | - | - |
| Add: Transferred from P&L Account during the year | - | - |
| At the closing of the period | 750.48 | 750.48 |
| Retained Earnings | | |
| At the beginning of the year | 17,867.58 | 13,054.05 |
| Less : Final dividend declared for previous year | (272.43) | - |
| Add : Profit for the year | 5,883.00 | 5,190.12 |
| Less : Interim dividend for the year | (480.75) | (376.59) |
| Less : Transferred to general reserve during the year | - | - |
| At the closing of the period | 22,997.40 | 17,867.58 |
| Items of Other Comprehensive Income | | |
| Remeasurement of the net defined benefit (liability)/assets | 138.94 | 162.69 |
| Change in fair value of current investment | (187.53) | (93.16) |
| At the closing of the period | (48.59) | 69.53 |
| TOTAL | 31,805.75 | 26,794.05 |

Securities Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium.

The utilization of securities premium will be as per provisions of the Act.

General Reserve

General reserve is created through an annual transfer of net profit in accordance with applicable regulations.

Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 10 A : BORROWINGS

| Particulars | ₹ in lakhs | |
|---------------------------------------|------------------|------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| A. Secured Loans | | |
| Term Loans from Banks (Refer Note a) | 8,996.94 | 8,447.13 |
| Term Loans from others (Refer Note b) | 184.01 | - |
| Sub total | 9,180.95 | 8,447.13 |
| Vehicle Loans | | |
| From Lenders (Refer Note c) | 496.96 | 61.71 |
| Sub total | 496.96 | 61.71 |
| Total - A | 9,677.91 | 8,508.84 |
| B. Unsecured loans | | |
| From related parties (Refer Note d) | 2,510.00 | 2,510.00 |
| Total - B | 2,510.00 | 2,510.00 |
| TOTAL - (A+B) | 12,187.91 | 11,018.84 |

Terms and conditions of Loans and Security

(a) Term Loans from Banks

| Secured Loans | ₹ in lakhs | | | | Repayment Terms | Security |
|--------------------|--|--|---|--|--|----------|
| | Long Term | | Term loan instalments due less than 12 months | | | |
| | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | | |
| Term Loans | 5,796.99 | 4,312.18 | 1,462.96 | 2,136.67 | Monthly/Quarterly instalments payable over remaining period of 1 to 6 years. | Notes 1 |
| WCTL/GECL | 3,199.95 | 4,134.95 | 916.83 | 884.01 | Monthly instalments payable over remaining period of 5 years | Notes 2 |
| Total - (a) | 8,996.94 | 8,447.13 | 2,379.79 | 3,020.68 | | |

(b) Term Loans from Others

| Secured Loans | ₹ in lakhs | | | | Repayment Terms | Security |
|----------------------|--|--|---|--|--|----------|
| | Long Term | | Term loan instalments due less than 12 months | | | |
| | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | | |
| Term Loans | 184.01 | - | 49.59 | - | Monthly instalments payable over remaining period of 4 years | NA |
| WCTL/GECL | - | - | - | - | | |
| Total - (b) | 184.01 | - | 49.59 | - | | |
| Total - (a+b) | 9,180.95 | 8,447.13 | 2,429.38 | 3,020.68 | | |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 10 A : BORROWINGS (Contd..)

(c) Vehicle loans are secured by hypothecation of vehicles funded by respective lenders. Vehicle loans are repayable in monthly instalments till April 2029

(d) Unsecured loans ₹ 2,510 lakhs (previous year 2,510 lakhs) brought in by the promoters and promoters group as subordinate debt to the secured debt.

Notes :

- 1) Pari passu 1st charge on present and future Fixed Assets of the Company and pari passu 2nd charge on present and future Current Assets of the Company. further all loans are guaranteed by the promoters of the company. Further, SBI is having exclusive charge on immovable properties of Promoters and pledge of 19,44,530 shares of Promoters holding. Term loans carry interest rate in the range of 8.50% to 10.75% p.a.
- 2) WCTL/GECL loans are secured by Pari Passu 2nd charge on present and future Fixed Assets and Current Assets of the Company and 2nd Pari Passue charge on 19,44,530 pledge of shares along with other working capital lenders in consortium and these are repayable at an interest rate range from 8.00% to 9.25%

Note 10B : LEASE LIABILITY

| Particulars | ₹ in lakhs | |
|-----------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Lease Liability | 5,403.58 | 5,274.51 |
| TOTAL | 5,403.58 | 5,274.51 |

Note 11 : PROVISIONS

| Particulars | ₹ in lakhs | |
|-----------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Provision for Gratuity* | 157.17 | 163.20 |
| Provision for Leave encashment* | 133.49 | 127.16 |
| Provision for Dismantling of PPE# | 526.39 | 489.92 |
| TOTAL | 817.05 | 780.28 |

* Refer note no. 25.3

The movement in the provision is towards (i) Additions during the period (ii) Unwinding of discount.

Note 12 : DEFERRED TAX LIABILITIES (NET)*

| Particulars | ₹ in lakhs | |
|------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| At the beginning of the year | 912.73 | 1,007.49 |
| Provision for the year | (61.65) | (94.76) |
| Closing balance | 851.08 | 912.73 |

* Refer note no. 25.14

Notes to Financial Statements

for the year ended 31st March 2023

Note 13A : BORROWINGS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Working capital borrowings from Banks (Secured) (Refer Note (a)) | 13,629.36 | 16,956.94 |
| Current maturities of long term borrowings: (Refer Note (b)) | | |
| Term loans | 2,429.38 | 3,020.68 |
| Vehicle loans | 94.18 | 21.33 |
| Inter Corporate Deposit | 650.00 | 1,425.00 |
| TOTAL | 16,802.92 | 21,423.95 |

Note:

(a) Working capital facilities are availed at interest rate ranging from 5.50% p.a. to 9.30% p.a. which are secured on a pari passu first charge basis against hypothecation of Inventory (stocks), Trade Receivables and all other current assets both present and future, pari passu second charge on movable and immovable properties of the Company both present and future, pledge of 19,44,530 shares owned by Promoters and secured by way of personal guarantee of the Promoters of the Company.

(b) Refer Note 10A

NOTE 13B : TRADE PAYABLES

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Dues to micro enterprises and small enterprises (Refer Note 25.17)* | 136.05 | 131.73 |
| Dues to others | 24,994.29 | 21,889.90 |
| TOTAL | 25,130.34 | 22,021.63 |

Note:

The information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the company on records.

* The amount mentioned is principal only.

Trade Payables ageing schedule for the year ended 31 st March 2023

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|------------------------------------|------------------|--|--------------|-------------|-------------------|------------------|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| | | (i) Undisputed dues - MSME | 136.05 | - | - | |
| (ii) Undisputed dues - Others | 23,875.74 | 1,087.37 | 22.79 | 4.17 | 4.22 | 24,994.29 |
| (iii) Disputed dues — MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total ((i)+(ii)+(iii)+(iv)) | 24,011.79 | 1,087.37 | 22.79 | 4.17 | 4.22 | 25,130.34 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 13B : TRADE PAYABLES (Contd..)

Trade Payables ageing schedule for the year ended 31 st March 2022

₹ in lakhs

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|------------------------------------|------------------|--|--------------|-------------|-------------------|------------------|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| (i) Undisputed dues - MSME | 131.73 | - | - | - | - | 131.73 |
| (ii) Undisputed dues - Others | 20,418.05 | 1,416.21 | 37.84 | 0.15 | 17.65 | 21,889.90 |
| (iii) Disputed dues — MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total ((i)+(ii)+(iii)+(iv)) | 20,549.78 | 1,416.21 | 37.84 | 0.15 | 17.65 | 22,021.63 |

NOTE 13C : OTHER FINANCIAL LIABILITIES

₹ in lakhs

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|--------------------|------------------|------------------|
| Unclaimed Dividend | 8.73 | 6.94 |
| Interest accrued* | 26.98 | 106.46 |
| Others | 796.52 | 738.45 |
| TOTAL | 832.23 | 851.85 |

*There is no interest payable to MSME vendors during the current or previous year

NOTE 13 D : LEASE LIABILITY

₹ in lakhs

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|-----------------|------------------|------------------|
| Lease Liability | 1,248.55 | 1,541.07 |
| TOTAL | 1,248.55 | 1,541.07 |

NOTE 14 : OTHER CURRENT LIABILITIES

₹ in lakhs

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|-------------------------|------------------|------------------|
| Advances from Customers | 298.31 | 1,315.57 |
| Other Liabilities | 155.12 | 166.42 |
| TOTAL | 453.43 | 1,481.99 |

NOTE 15 : PROVISIONS

₹ in lakhs

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|--|------------------|------------------|
| Provision for employee benefits : | | |
| Provision for Gratuity | 72.36 | 74.80 |
| Provision for Bonus | 324.97 | 279.76 |
| Provision for Leave encashment | 27.81 | 22.34 |
| TOTAL | 425.14 | 376.90 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 16 : INCOME TAX LIABILITIES (NET)

₹ in lakhs

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|------------------------------|------------------|------------------|
| Provision for taxation (net) | 239.24 | 1,563.21 |
| TOTAL | 239.24 | 1,563.21 |

NOTE 17 : REVENUE FROM OPERATIONS

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|--|-------------------------------|-------------------------------|
| Sales & Services: | | |
| Sale of Products | 1,23,284.27 | 1,06,851.52 |
| Job work & Service Income | 767.72 | 548.47 |
| Gross Sales & Services (inclusive of GST) | 1,24,051.99 | 1,07,399.99 |
| Less : GST | (13,114.22) | (11,672.23) |
| Net Sales & Services | 1,10,937.77 | 95,727.76 |
| Sale of Products | 1,10,248.34 | 95,238.15 |
| Job work & Service Income | 689.43 | 489.61 |
| Net Sales & Services | 1,10,937.77 | 95,727.76 |
| Less : Discounts to Customers | (1,461.57) | (732.44) |
| Revenue from Sales & Services | 1,09,476.20 | 94,995.32 |
| Export incentives and others | 540.95 | 387.06 |
| Revenue from Operations | 1,10,017.15 | 95,382.38 |

NOTE 18 : OTHER INCOME

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|-------------------------|-------------------------------|-------------------------------|
| Interest on Deposits | 176.26 | 96.38 |
| Profit on Sale of Asset | 21.70 | 30.14 |
| Industrial Incentive | 1,479.08 | 1,051.46 |
| Other Misc. Receipts | 104.42 | 466.04 |
| TOTAL | 1,781.46 | 1,644.02 |

NOTE 19 : COST OF MATERIAL CONSUMED

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---|-------------------------------|-------------------------------|
| Opening stock | 16,900.78 | 7,462.68 |
| Add: Purchases | 74,934.32 | 78,863.61 |
| Less : Material in Transit - Raw Material | (289.23) | (1,236.28) |
| Less: Closing stock | (13,402.64) | (15,664.50) |
| Consumption | 78,143.23 | 69,425.51 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 20: CHANGES IN INVENTORIES OF WORK-IN-PROCESS, FINISHED GOODS AND SCRAP

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---|----------------------------------|----------------------------------|
| A. Opening stocks: | | |
| Work-in-process | 4,597.69 | 2,072.74 |
| Finished goods | 3,609.12 | 4,237.20 |
| Scrap | 61.85 | 348.15 |
| Total - A | 8,268.66 | 6,658.09 |
| B. Closing stocks: | | |
| Work-in-process | 3,669.33 | 4,597.69 |
| Finished goods | 4,489.04 | 3,609.12 |
| Scrap | 22.72 | 61.85 |
| Total - B | 8,181.09 | 8,268.66 |
| C. (Increase)/Decrease in stocks (A-B) | 87.57 | (1,610.57) |

Note 21 : EMPLOYEE BENEFIT EXPENSE

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|-------------------------------------|----------------------------------|----------------------------------|
| Employees remuneration and benefits | 7,762.23 | 6,951.37 |
| Contribution to PF/ESI | 358.92 | 346.89 |
| Gratuity expenses* | 59.79 | 73.96 |
| Remuneration to Directors | 192.72 | 192.72 |
| Staff welfare expenses | 289.19 | 282.17 |
| TOTAL | 8,662.85 | 7,847.11 |

* Refer note no. 25.3

Note 22 : FINANCE COSTS

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|-----------------------------|----------------------------------|----------------------------------|
| Interest on Term Loans* | 1,315.98 | 1,267.52 |
| Interest on Working Capital | 1,375.51 | 1,181.57 |
| Interest as per Ind AS | 411.49 | 423.82 |
| Interest on others | 52.79 | 152.19 |
| Bank Charges | 1,094.94 | 900.72 |
| Forex Loss | 215.07 | 34.57 |
| TOTAL | 4,465.78 | 3,960.39 |

*Interest capitalized during the F.Y 2022-23 is ₹ 85.80 lakhs (Previous year ₹ Nil)

Note 23 : OTHER EXPENSES

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---|----------------------------------|----------------------------------|
| Consumption of Stores, Spares, Tools & Dies | 1,763.30 | 1,739.80 |
| Power & fuel | 1,056.03 | 793.08 |
| Repairs & Maintenance : | | |
| Plant | 203.47 | 62.21 |
| Building | 17.89 | 13.88 |

Notes to Financial Statements

for the year ended 31st March 2023

Note 23 : OTHER EXPENSES (Contd..)

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---|----------------------------------|----------------------------------|
| Vehicles | 16.08 | 13.35 |
| Maintenance charges | 121.64 | 97.33 |
| Other Assets | 92.09 | 35.62 |
| Credit Risk Impaired | 43.54 | 70.60 |
| Credit Risk Allowance | (0.55) | (61.11) |
| Other selling & Distribution expenses | 574.40 | 461.19 |
| Packing Cost | 1,269.07 | 1,013.94 |
| Carriage outwards | 538.36 | 509.04 |
| Travelling & Conveyance | 420.38 | 304.45 |
| Insurance | 263.93 | 235.06 |
| Rent | 20.17 | 1.20 |
| Rates & Taxes (Excluding Taxes on Income) | 107.58 | 90.61 |
| Director's Sitting Fees | 23.75 | 21.25 |
| Forex loss on Export Receivables and Imports Payables | 412.04 | 58.22 |
| Remuneration to auditors : | | |
| Audit Fee | 15.00 | 13.20 |
| Tax Audit Fee | 5.25 | 5.25 |
| Certification Fee /Taxation matter | 15.00 | 22.17 |
| Out of Pocket Expenses | 0.75 | - |
| Communication Expenses | 47.54 | 40.92 |
| Professional consultancy | 533.44 | 459.24 |
| CSR Expenses | 21.61 | 138.86 |
| Miscellaneous Expenses | 402.59 | 317.89 |
| TOTAL | 7,984.35 | 6,457.25 |

NOTE 24 : TAX EXPENSES

₹ in lakhs

| Particulars | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|--|----------------------------------|----------------------------------|
| Current tax | 2,130.09 | 1,955.15 |
| Taxes on Earlier Years | (1.31) | 10.20 |
| Deferred (credit)/expenses | (61.65) | (94.76) |
| Deferred (credit)/expenses on other comprehensive income | 39.73 | (0.66) |
| TOTAL | 2,106.86 | 1,869.93 |

NOTE 25: NOTES ON ACCOUNTS

25.1 Earnings per share (EPS) from continuing operations

| Particulars | For the Year 2022 – 23 | For the Year 2021 – 22 |
|--|---------------------------|---------------------------|
| Earnings | | |
| Profit for the period (₹ in lakhs) | 5883.00 | 5190.12 |
| Shares | | |
| Number of shares at the beginning of the period | 32050067 | 32050067 |
| Add: Shares issued during the period | - | - |
| Total number of equity shares outstanding at the end of the period | 32050067 | 32050067 |
| Weighted average number of equity shares outstanding during the period | 32050067 | 32050067 |
| Earnings per share of par value ₹ 5/- Basic (₹) | 18.36 | 16.19 |
| Earnings per share of par value ₹ 5/- Diluted (₹) | 18.36 | 16.19 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

25.2 Contingent Liabilities and Commitment

₹ in lakhs

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|---|---------------------|---------------------|
| (A) Contingent Liabilities | | |
| a. Claims against the Company not acknowledge as debts : | | |
| i. Service Tax liability for which appeals preferred by the Company is pending with CESTAT Bangalore for the FY 2008-09 to 2011-12 up to December 2011. | 68.55* | 68.55* |
| ii. GST liability for which appeals preferred by the Company for the FY 2017-18 and 2018-19 | 4.59* | - |
| iii. Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax Hyderabad for the AY 2017-18. | 923.08* | 923.08* |
| iv. Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax Hyderabad for the AY 2018-19. | 5.14* | 5.14* |
| v. Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax Hyderabad for the AY 2020-21 | 38.24* | - |
| b. Income recognized against the Scrip Generation (under RodTEP scheme) and pending for generation of EBRC | 17.01 | - |
| B) Commitments | | |
| (i) Bank guarantees | 1236.45 | 1401.43 |
| (ii) Estimated amount of liability on account of Capital Commitments | 4546.57 | 3181.55 |

* No provision is considered since the Company expects favorable decision and the above liability is excluding Interest and Penalty. The company has deposited ₹ 193.29 lakhs towards Income Tax liabilities which are classified under "Income Tax and other taxes" under Current Assets.

25.3 Employee Benefit Plans

As per Indian Accounting Standard 19 – "Employee Benefits" the disclosures as defined are given below :

A) Defined Benefit Plan

A summary of the Gratuity & Leave Encashment plans are as follows

| Assumptions | Gratuity Plan | | Leave Encashment Plan | |
|---|---------------|---------|-----------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Discount Rate | 7.39 % | 7.16% | 7.39% | 7.16% |
| Rate of increase in Compensation levels | 2% p.a. | 2% p.a. | 2% p.a. | 2% p.a. |
| Rate of Return on Plan Assets | 7.39% | 7.16% | 0% | 0% |
| Expected Average remaining working lives of employees (years) | 24 yrs | 25 yrs | 24 yrs | 25 yrs |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

| Changes in Present Value of Obligations | Gratuity Plan | | Leave Encashment Plan | |
|--|---------------|----------|-----------------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Present Value of Obligation as at the beginning of the year | 482.35 | 430.82 | 149.50 | 126.46 |
| Interest Cost | 31.60 | 28.51 | 8.77 | 7.59 |
| Current Service Cost | 49.26 | 45.45 | 37.29 | 36.83 |
| Benefits paid | (81.36) | (23.14) | (53.96) | (30.97) |
| Actuarial (gain)/ loss on obligations | 28.05 | 0.71 | 19.70 | 9.58 |
| Present Value of Obligation as at the end of the year | 509.90 | 482.35 | 161.30 | 149.50 |
| Amount to be recognized in Balance Sheet | | | | |
| Present Value of Obligation as at the end of the year | 509.90 | 482.35 | 161.30 | 149.50 |
| Fair Value of Plan Assets as at the end of the year | 280.37 | 244.35 | - | - |
| Funded Status | (229.53) | (238.00) | (161.30) | (149.50) |
| Net Asset / (Liability) Recognized in Balance Sheet | (229.53) | (238.00) | (161.30) | (149.50) |
| Expenses Recognized in the Statement of Profit and Loss | | | | |
| Current Service Cost | 49.26 | 45.45 | 37.29 | 36.83 |
| Past Service Cost | - | - | - | - |
| Interest Cost | 31.60 | 28.51 | 8.77 | 7.59 |
| Expected Return on Plan Assets | (21.07) | - | - | - |
| Net actuarial (gain)/ loss recognized in the year | 31.74 | (2.93) | 19.70 | 9.58 |
| Expenses Recognized in the Statement of Profit & Loss | 91.53 | 71.03 | 65.76 | 54.01 |
| Fair Value of the Planned Assets at the beginning of the year | 244.35 | 213.85 | - | - |
| Employer's contribution | 100.00 | 50.00 | - | - |
| Interest on Planned Assets | 17.38 | 3.64 | - | - |
| Actual return on plan assets less interest on plan assets | - | - | - | - |
| Benefits paid | (81.36) | (23.14) | - | - |
| Asset acquired/(settled) | - | - | - | - |
| Present Value of Planned Assets at the end of the year | 280.37 | 244.35 | - | - |

Maturity Profile of defined benefit obligation (on an undiscounted basis) - Gratuity

| Particulars | 2022-23 | 2021-22 |
|-----------------------|---------|---------|
| Within next 12 months | 9.69 | 68.81 |
| Between 2 and 5 years | 182.39 | 47.02 |
| Between 6 and 9 years | 209.20 | 133.22 |
| 10 years and above | 954.50 | 233.30 |

Rate of return for the plan asset

| Particulars | 2022-23 | 2021-22 |
|--|---------|---------|
| Guaranteed Rate of Return | 7.30 | 6.85 |
| Discount Rate for remaining term to Maturity of Investment | 7.39 | 7.16 |
| Expected Rate of Return on Investment | 7.40 | 7.20 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

Sensitivity Analysis – Gratuity Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period while holding all other assumptions constant. The result of sensitivity analysis is given below:

₹ in lakhs

| Particulars | Gratuity Plan | | | |
|---|------------------|----------|------------------|----------|
| | As at 31.03.2023 | | As at 31.03.2022 | |
| | Decrease | Increase | Decrease | Increase |
| Change in Rate of discount (Delta effect of +/-1%) | 555.89 | 470.24 | 525.85 | 444.85 |
| Change in Rate of Salary Growth (Delta effect of +/-1%) | 460.93 | 567.37 | 436.86 | 535.66 |
| Change in Rate of Attrition (Delta effect of +/-1%) | 490.36 | 528.04 | 446.54 | 514.22 |
| Change in Mortality Rate (Delta effect of +/-10%) | 505.07 | 514.67 | 481.45 | 483.25 |

Sensitivity Analysis – Leave Encashment Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period while holding all other assumptions constant.

The result of sensitivity analysis is given below:

₹ in lakhs

| Particulars | Leave Encashment Plan | | | |
|---|-----------------------|----------|------------------|----------|
| | As at 31.03.2023 | | As at 31.03.2022 | |
| | Decrease | Increase | Decrease | Increase |
| Change in Rate of discount (Delta effect of +/-1%) | 178.21 | 147.06 | 166.02 | 135.68 |
| Change in Rate of Salary Growth (Delta effect of +/-1%) | 141.44 | 161.30 | 130.11 | 173.26 |
| Change in Rate of Attrition (Delta effect of +/-1%) | 152.12 | 169.81 | 131.11 | 165.64 |
| Change in Mortality Rate (Delta effect of +/-10%) | 159.11 | 163.46 | 149.13 | 149.87 |

B) Defined Contribution Plan

Contribution to Defined Contribution plan recognized as expense for the year is as under:

₹ in lakhs

| Description | 2022-23 | 2021-22 |
|---|---------------|---------------|
| Employer Contribution to ESI | 36.03 | 37.31 |
| Employer Contribution to PF | 294.94 | 280.73 |
| Employer Contribution to pension scheme | 27.55 | 28.49 |
| Labor welfare fund | 0.40 | 0.36 |
| Total | 358.92 | 346.89 |

25.4 Details of consumption of Raw Material

₹ in lakhs

| Description | For the Year 2022 – 23 | For the Year 2021 – 22 |
|--------------|---------------------------|---------------------------|
| Imported | 5748.52 | 10740.31 |
| Indigenous | 72394.71 | 58685.20 |
| TOTAL | 78143.23 | 69425.51 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

25.5 Stock and Turnover of Manufactured and Traded goods

₹ in lakhs

| Description | Turnover | Closing Inventory (FG & Scrap) | Opening Inventory (FG & Scrap) |
|------------------|-------------------|-----------------------------------|-----------------------------------|
| Sale of Products | 108786.77 | 4511.76 | 3670.97 |
| | (94505.71) | (3670.97) | (4585.35) |
| Sale of Services | 689.43 | - | - |
| | (489.61) | - | - |
| TOTAL | 109476.20 | 4489.04 | 3609.12 |
| | (94995.32) | (3670.97) | (4585.35) |

Note: Figures in brackets represent previous year's figures 2021-22.

25.6 Stock of Work in process

₹ in lakhs

| Description | As at 31.03.2023 | As at 31.03.2022 |
|--------------------------|---------------------|---------------------|
| Work/Material in process | 3669.33 | 4597.69 |
| TOTAL | 3669.33 | 4597.69 |

25.7 CIF Value of Imports

₹ in lakhs

| Particulars | For the Year 2022 – 23 | For the Year 2021 – 22 |
|-------------------|---------------------------|---------------------------|
| Capital goods | 5155.60 | 3122.48 |
| Raw Materials | 3313.18 | 12726.01 |
| Stores and Spares | 160.93 | 147.70 |
| TOTAL | 8629.71 | 15996.19 |

25.8 Earnings in Foreign Currency

₹ in lakhs

| Particulars | For the Year 2022 – 23 | For the Year 2021 – 22 |
|----------------------|---------------------------|---------------------------|
| FOB value of Exports | 37166.63 | 26480.31 |

25.9 Expenditure in Foreign Currency

₹ in lakhs

| Particulars | For the Year 2022 – 23 | For the Year 2021 – 22 |
|-----------------------|---------------------------|---------------------------|
| Travelling and others | 402.11 | 210.07 |
| Total | 402.11 | 210.07 |

25.10 Disclosure as per Section 186 of the Companies Act 2013

The details of loans guarantees and investments under Section 186 of the Companies Act 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 are as follows:

- Details of investment made are given in Note 3A & 25.13

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

- (ii) There are no guarantees issued by your Company in accordance with section 186 of the Companies Act 2013 read with rules issued there under

25.11 Segment Reporting

Segments are identified in line with Indian Accounting Standards (Ind AS) 108 "Operating Segments" taking into consideration the internal organization and management structure.

Operating Segments are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses its performance and for which discreet information is available.

The operating segment of the Company is identified to be manufacturing of "Engineering Products of Iron and Steel" and the CODM reviews business performance at an overall Company level as one segment. Hence no separate disclosure is provided.

Information by Geographies

In presenting geographic information segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

a) Revenue from External Customers

| Sl. No | Segment Revenue | ₹ in lakhs | |
|--------------|-----------------|---------------------------|---------------------------|
| | | For the Year 2022 – 23 | For the Year 2021 – 22 |
| a) | India | 74747.57 | 67414.44 |
| b) | Outside India | 37051.04 | 29611.96 |
| TOTAL | | 111798.61 | 97026.40 |

b) Assets

| Segment Assets | ₹ in lakhs | |
|----------------|---------------------------|------------------|
| | Carrying amount of Assets | |
| | As at 31.03.2023 | As at 31.03.2022 |
| India | 87337.85 | 83068.29 |
| Outside India | 10462.65 | 12576.36 |
| TOTAL | 97800.50 | 95644.65 |

c) Revenue from Major Customers

Details of single external customer from whom the Company receives more than 10% of the revenue.

Revenue from three customers of the Company having more than 10% of the total revenue aggregating to ₹ 49934.28 lakhs (previous year four customers ₹ 39234.15 lakhs).

25.12 Financial Instruments

(A) Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

₹ in lakhs

| Particulars | Fair value hierarchy | | | |
|----------------------------------|----------------------|------------------------------------|-------------------------------------|---------------------------------------|
| | Total | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
| | | Level 1 | Level 2 | Level 3 |
| 31-March-23 | | | | |
| Financial Asset | | | | |
| Investment in equity instruments | 1520.63 | 1.07 | 1514.52 | 5.04 |
| Security Deposits | 45.35 | - | - | 45.35 |
| Financial Liability | | | | |
| Borrowings | 28990.83 | - | - | 28990.83 |
| Total | 30556.81 | 1.07 | 1514.52 | 29041.22 |
| 31-March-22 | | | | |
| Financial Asset | | | | |
| Investment in equity instruments | 1646.77 | 0.69 | 1641.04 | 5.04 |
| Security Deposits | 39.65 | - | - | 39.65 |
| Financial Liability | | | | |
| Borrowings | 32442.79 | - | - | 32442.79 |
| Total | 34129.21 | 0.69 | 1641.04 | 32487.48 |

(B) Financial Risk Management

The Company has exposure to the following risk:

Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations leading to a financial loss. The Company is exposed to credit risk arising from its operating (primarily trade receivables) and investing activities including deposits placed with banks, financial institutions and other corporate deposits. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non-performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the Company is certain about the non-recovery.

Liquidity Risk:

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

Market Risk:

Market risk is the risk that the fair value of the future cash flows will fluctuate because of changes in the market prices.

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

25.13 Related party disclosures

A. List of Related parties:

I Wholly Owned Subsidiary

- (i) Pitti Rail and Engineering Components Limited

II Entity having significant influence over the entity

- (i) Pitti Electrical Equipment Private Limited

III Key Management Personnel

Executive Promoter Directors

- (i) Shri Sharad B Pitti, Chairman & Managing Director
(ii) Shri Akshay S Pitti, Vice Chairman & Managing Director (Interim CFO from 13.04.2022 to 11.11.2022)

Independent & Non Executive Directors

- (iii) Shri S. Thiagarajan, Independent Director
(iv) Shri N.R. Ganti, Independent Director
(v) Shri G. Vijaya Kumar, Independent Director
(vi) Shri M. Gopalakrishna, Independent Director
(vii) Ms. Gayathri Ramachandran, Independent Director
(viii) Shri DV Aditya, Independent Director (10-08-2022 to 21-10-2022)

Others

- (ix) Shri N. K. Khandelwal, President Corporate Resources & CFO (till 13.04.2022)
(x) Shri M. Pavan Kumar, Chief Financial Officer (from 12.11.2022)
(xi) Ms. Mary Monica Braganza, Company Secretary

IV Other Related Parties with whom transactions have taken place during the year

The Enterprise over which KMP or relative of KMP having significant influence

- (i) Pitti Castings Private Limited
(ii) Pitti Trade and Investments Private Limited

The Relative of Executive Promoter Directors

- (iii) Smt Madhuri S Pitti
(iv) Smt Radhika A Pitti
(v) Sharad B Pitti (HUF)

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

A. Transactions/balances outstanding with related parties

(1) For the Financial Year 2022-23

₹ in lakhs

| Sl. No | Transactions / Outstanding balances | Wholly Owned Subsidiary | Entity having significant influence over the entity | Key Management Personnel | Other related parties | Total |
|--------|-------------------------------------|-------------------------|---|--------------------------|-----------------------|---------|
| 1 | Remuneration | - | - | 247.70 | 15.21 | 262.91 |
| 2 | Rent / Lease Expenses | - | - | 104.16 | 194.57 | 298.73 |
| 3 | Rent / Lease Income | 0.38 | - | - | 1.65 | 2.03 |
| 4 | Purchases of goods & services | - | 836.18 | - | 7830.78 | 8666.96 |
| 5 | Sales of goods & services | - | - | - | 1330.96 | 1330.96 |
| 6 | Unsecured Loan - received | - | - | 2700.00 | - | 2700.00 |
| 7 | Unsecured Loan – repaid | - | - | 5210.00 | - | 5210.00 |
| 8 | Inter Corporate Deposits – received | - | 5575.00 | - | - | 5575.00 |
| 9 | Inter Corporate Deposits – repaid | - | 3065.00 | - | - | 3065.00 |
| 10 | Interest paid | - | 145.20 | 144.14 | - | 289.34 |
| 11 | Dividend paid | - | 203.21 | 201.63 | 41.73 | 446.57 |
| 12 | Amount payable at the year end | - | 3194.98 | 18.46 | 520.67 | 3734.11 |
| 13 | Amount receivable at the year end | - | - | 20.21 | 619.89 | 640.10 |
| 14 | Investments at the year end | 5.00 | - | - | 1514.52 | 1519.52 |

(2) For the previous Financial Year 2021-22

₹ in lakhs

| Sl. No | Transactions / Outstanding balances | Wholly Owned Subsidiary | Entity having significant influence over the entity | Key Management Personnel | Other related parties | Total |
|--------|-------------------------------------|-------------------------|---|--------------------------|-----------------------|---------|
| 1 | Remuneration | - | - | 306.48 | 15.25 | 321.73 |
| 2 | Rent / Lease Expenses | - | - | 97.90 | 185.30 | 283.20 |
| 3 | Rent / Lease Income | 1.48 | - | - | 1.58 | 3.06 |
| 4 | Purchases of goods & services | - | 38.48 | - | 9769.64 | 9808.12 |
| 5 | Sales of goods & services | - | - | - | 1191.87 | 1191.87 |
| 6 | Unsecured Loan - received | - | - | 2730.00 | - | 2730.00 |
| 7 | Unsecured Loan – repaid | - | - | 2730.00 | - | 2730.00 |
| 8 | Inter Corporate Deposits – received | - | 70.00 | - | - | 70.00 |
| 9 | Inter Corporate Deposits – repaid | - | 70.00 | - | - | 70.00 |
| 10 | Interest paid | - | 0.08 | 308.20 | - | 308.28 |
| 11 | Dividend paid | - | 101.60 | 101.64 | 20.86 | 224.10 |
| 12 | Amount payable at the year end | 0.36 | - | 2536.17 | 1960.43 | 4496.97 |
| 13 | Amount receivable at the year end | - | - | 20.21 | 323.67 | 343.88 |
| 14 | Investments at the year end | 5.00 | - | - | 1646.00 | 1646.00 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

B. Disclosure pursuant to regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Transaction with Promoter / Promoter Group holding more than 10% of equity share capital of the Company.

| | | ₹ in lakhs | |
|----------|---|----------------------|----------------------|
| Sl. No. | Particulars | For the Year 2022-23 | For the Year 2021-22 |
| 1 | Shri Sharad B Pitti | | |
| | - Remuneration | 98.78 | 98.78 |
| | - Lease rental | 104.16 | 97.90 |
| | - Dividend | 102.22 | 51.11 |
| | - Amount payable at the year end | 5.57 | 15.70 |
| | - Amount receivable (rent deposit) at year end | 20.21 | 20.21 |
| 2 | Shri Akshay S Pitti | | |
| | - Remuneration | 98.78 | 98.78 |
| | - Dividend | 99.37 | 49.68 |
| | - Interest on unsecured loans | 144.14 | 308.20 |
| | - Unsecured loans received | 2,700.00 | 2,730.00 |
| | - Unsecured loans repaid | 5,210.00 | 2,730.00 |
| | - Amount payable at the year end | 5.22 | 2,514.66 |
| 3 | Pitti Electrical Equipment Private Limited | | |
| | - Purchase of goods | 836.18 | 38.48 |
| | - Dividend | 203.21 | 101.60 |
| | - Interest on inter corporate deposits | 145.20 | 0.08 |
| | - Inter corporate deposits received | 5575.00 | 70.00 |
| | - Inter corporate deposits repaid | 3065.00 | 70.00 |
| | - Amount payable at the year end | 3194.98 | - |

25.14 Deferred Tax

| | | ₹ in lakhs | | | |
|---------|---|--|----------------------------|----------------------------|--|
| Sl. No. | Particulars | Deferred Tax (Liability)/ Asset as at 01.04.2022 | Statement of Profit & Loss | Other Comprehensive Income | Deferred Tax (Liability)/ Asset as at 31.03.2023 |
| 1 | Difference between Depreciation as per Co's Act. & as per IT Act. | (1962.71) | 38.62 | - | (1924.09) |
| 2 | Others | 1049.98 | (16.70) | 39.73 | 1073.01 |
| | Deferred Tax Net | (912.73) | 21.92 | 39.73 | (851.08) |

25.15 The Company has provided for cess as specified in section 441 A of the Companies Act 1956 and in the absence of any notification by the Central Govt. the Company could not deposit the same with the appropriate authority.

25.16 The assessment for impairment of assets has taken place at the end of reporting period as per guidelines laid down in Ind AS 36 'Impairment of assets'. For the assets having recoverable amount less than its carrying amount the carrying amount of the asset is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

25.17 Micro Small and Medium Enterprises Development Act 2006

Disclosure required as per section 22 of the Micro Small and Medium Enterprise Development Act 2006 (MSMED Act) is given below:

| | | ₹ in lakhs | |
|---------|---|--------------|--------------|
| Sl. No. | Description | Year 2022-23 | Year 2021-22 |
| 1 | Principal amounts due to suppliers under MSMED | 136.05 | 131.73 |
| 2 | Interest accrued and due to suppliers covered under MSMED on the above amount unpaid | - | - |
| 3 | Payment made to suppliers (with Interest) beyond the appointed day during the year. | - | - |
| 4 | Interest paid to suppliers covered under MSMED | - | - |
| 5 | Interest due & Payable to suppliers covered under MSMED Act. towards payments already made. | - | - |

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with Company.

25.18 Right of Use Assets

For the Financial Year 2022-23

| | | ₹ in lakhs | | | | |
|---|------------------------|----------------|-------------------|--------------|-----------|----------------|
| Particulars | Category of ROU Assets | | | | | Total |
| | Land | Building | Plant & Machinery | Vehicles | Computers | |
| Balance as on 1st April 2022 | 174.05 | 2213.09 | 5832.00 | 64.57 | - | 8283.71 |
| Reclassified on account of adoption of Ind AS 116 | - | - | - | - | - | - |
| Additions/Adjustments | - | - | 1,064.77 | - | - | 1,064.77 |
| Deletions/Adjustments | - | - | 997.77 | - | - | 997.77 |
| Depreciation | 17.88 | 156.29 | 723.97 | 24.05 | - | 922.19 |
| Balance as on 31st March 2023 | 156.17 | 2056.80 | 5175.03 | 40.51 | - | 7428.52 |

For the Previous Financial Year 2021-22

| | | ₹ in lakhs | | | | |
|---|------------------------|----------------|-------------------|--------------|-----------|----------------|
| Particulars | Category of ROU Assets | | | | | Total |
| | Land | Building | Plant & Machinery | Vehicles | Computers | |
| Balance as on 1st April 2021 | 191.93 | 2032.96 | 5090.85 | 79.40 | - | 7395.14 |
| Reclassified on account of adoption of Ind AS 116 | - | - | - | - | - | - |
| Additions/Adjustments | - | 330.30 | 1367.80 | 9.07 | - | 1707.17 |
| Deletions/Adjustments | - | - | - | - | - | - |
| Depreciation | 17.88 | 150.17 | 626.65 | 23.90 | - | 818.60 |
| Balance as on 31st March 2022 | 174.05 | 2213.09 | 5832.00 | 64.57 | - | 8283.71 |

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

25.19 Letters have been written for confirmation of Trade Receivables and Trade Payables pertaining to debtors and creditors and reply from certain parties are awaited.

25.20 Financial and derivative instruments

₹ in lakhs

| Description | As at 31.03.2023 | As at 31.03.2022 |
|-------------------|---------------------|---------------------|
| Forward Contracts | 9744.75 | 7071.55 |

All financial and forward contracts entered into by the Company are for hedging purpose only.

25.21 Statutory Auditor's remuneration

₹ in lakhs

| Sl. No. | Description | Year 2022-23 | Year 2021-22 |
|---------|-------------------------------------|-----------------|-----------------|
| 1 | Statutory Audit | 15.00 | 13.20 |
| 2 | Tax Audit | 5.25 | 5.25 |
| 3 | Certification fee / Taxation matter | 15.00 | 22.17 |
| 4 | Out of Pocket Expenses | 0.75 | - |

25.22 The previous year figures have been regrouped / rearranged to the extent necessary to conform with the current period's classification. All the numbers have been rounded off to the nearest lakh.

25.23 Ratios

| S. no | Particulars | Numerator | Denominator | 31.03.2023 | 31.03.2022 | Variance | Reason for variance more than 25% |
|-------|---|-------------------------------------|------------------------|------------|------------|----------|-----------------------------------|
| 1. | Current Ratio (in times) | Current assets | Current liabilities | 1.20 | 1.19 | 0.84 % | |
| 2. | Debt- Equity Ratio (in times) | Debt * | Equity | 0.87 | 1.04 | (16.35)% | |
| 3. | Debt Service Coverage Ratio (in times) | Earnings available for debt service | Interest | 3.60 | 2.81 | 28.11% | Note 1(a) |
| 4. | Return on Equity (in%) | Profit after tax | Shareholder equity | 19.04% | 19.97% | (0.93)% | |
| 5. | Inventory Turnover Ratio (in times) | Sales | Average Inventory | 4.30 | 4.44 | (3.15)% | |
| 6. | Trade Receivables Turnover Ratio (in times) | Net sales | Average Receivables | 5.70 | 5.07 | 12.43% | |
| 7. | Trade Payables Turnover ratio (in times) | Net Purchase | Average payables | 3.40 | 5.16 | (34.11)% | Note 1(b) |
| 8. | Net Capital turnover ratio (in times) | Net sales | Working Capital | 12.10 | 10.03 | 20.64% | |
| 9. | Net Profit Ratio (in %) | Net profit | Net sales | 5.24% | 5.44% | (0.20)% | |
| 10. | Return on capital employed (in%) | Earnings before interest and taxes | Capital employed | 17.10% | 15.60% | 1.50% | |
| 11. | Return on Investments (in%) | Earnings from invested funds | Average invested funds | Nil | Nil | - | |

* Debt excludes lease liabilities.

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

Note1 :

- Increased earnings on account of overall business growth.
- Due to improvement in credit period by vendors, the payable outstanding has increased and it is favorable.

Definitions:

- Current Assets = Total Current Assets as per Balance Sheet
- Current Liabilities = Total Current Liabilities as per Balance Sheet
- Debt = Long term and short-term borrowings as per Note 10A and Note 13A respectively of the Balance Sheet
- Equity/Shareholder Equity = Total Equity as per Balance Sheet
- EBDIT = Profit Before Tax + Depreciation + Interest on Term Loans + Interest on working capital borrowings
- Interest = Total Interest cost on Borrowings (Term Loans and Working Capital Borrowings)
- Average Inventory = (Opening Inventory + Closing Inventory)/2
- Average Receivables = (Opening Receivables + Closing Receivables)/2
- Average Payables = (Opening Payables + Closing Payables)/2
- Working Capital = Current Assets – Current Liabilities
- Capital Employed = Total Assets- Current Liabilities
- Earnings from Investor Funds = Earnings from Investments
- Average Investment Funds = (Opening Investments + Closing Investments)/2

25.24 Other Statutory Information

- The Company does not have any Benami property where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of accounts.
- The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The Company does not have any transactions with companies struck off.
- The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- The Company has complied with the requirements of the number of layers prescribed under clause (87) of section 2 of the Companies (Restriction on number of Layers) Rules 2017.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies) including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - Provide any guarantee security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company has not received any fund from any person(s) or entity(ies) including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: NOTES ON ACCOUNTS (Contd..)

(b) Provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.

(ix) The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961 (such as search or survey or any other relevant provisions of the Income Tax Act 1961).

(x) Corporate Social Responsibility (CSR):

₹ in lakhs

| Sl. No. | Description | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---------|---|---|---|
| a. | Amount required to be spent by the Company during the year as per section 135 of the Companies Act, 2013 | 90.39 | 69.38 |
| b. | Less : Excess incurred during the FY 2021-22 | (69.48) | - |
| c. | Net amount should be incurred for the FY 2022-23 | 20.91 | 69.38 |
| d. | Amount of expenditure incurred | 21.61 | 138.86 |
| e. | (Excess)/Shortfall at the end of the year | (0.70) | (69.48) |
| f. | Total of previous years shortfall | - | - |
| g. | Reason for shortfall | - | - |
| h. | Nature of CSR Activities | 1) Promotion of Health Care 2) Restoration of Sites of Historical Importance 3) Education | 1) Promotion of Health Care 2) Restoration of Sites of Historical Importance |
| i. | Details of related party transactions, e.g., contribution to a trust controlled by the company | Nil | Nil |
| j. | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately | Nil | Nil |

(xi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**
Chartered Accountants
Firm's Registration
Number: 110758W/W100377

Sharad B Pitti
Chairman & Managing Director
DIN:00078716

Akshay S Pitti
Vice-Chairman &
Managing Director
DIN:00078760

Amit Shah
Partner
M. No:122131

NR Ganti
Director
DIN:00021592

M Pavan Kumar
Chief Financial
Officer
M. No: 216936

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

Place: Hyderabad
Date : 29th May 2023

Place: Hyderabad
Date : 29th May 2023

Consolidated

Financial Statements

Independent Auditor's Report

TO
THE MEMBERS OF
PITTI ENGINEERING LIMITED

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **PITTI ENGINEERING LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2023, the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information here in after referred to as ("the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules issued there under, and we have fulfilled our other ethical responsibilities in accordance with these

requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31st March, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information other than the Consolidated Financial Statements and Auditor's Report Thereon:

The Holding Company's Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information and other information in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with Ind AS and other accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for Audit of Consolidated Financial Statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with SAs, specified under section 143(10) we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial control with reference to consolidated financials in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, then to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities including in the consolidated financial statement of which we are independent auditors regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31st March, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

Corresponding figures for the year ended 31st March 2022 have been audited by another auditor who expressed an unmodified opinion dated 23rd May 2022 on the consolidated financial statements of the Company for the year ended 31st March 2022. our opinion on the consolidated financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law have been kept by the relating to preparation of the aforesaid consolidated financial statements have been kept so far so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including other Comprehensive Income, the Statement of Cash Flows, and the consolidated Statement of Changes in Equity dealt with by this Report agree with the relevant books of account maintained for the purpose of preparation of consolidated financial statement.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards ("IND AS") specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary as on 31st March 2023 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31st March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its Subsidiary to their directors during the year is in accordance with the provisions of section 197 of the act read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position in its financial statements – Refer to Note 25.02 to the consolidated financial statements;
 - (ii) The Group does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses as on 31st March, 2023;
 - (iii) There were no such amounts that were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March 2023.
 - (iv) (a) The respective management of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind

of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other person or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary companies incorporated in India ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The respective management of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been received by the Company or its subsidiary company incorporated in India from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall, whether, directly or indirectly, lend or invest in other person or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- (v) The dividend declared or paid during the year by the Holding Company is in compliance with Section 123 of the Act.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ the "Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent Company, we report that there are no qualifications or adverse remarks in the CARO reports of the said companies included in the consolidated financial statements.

For **Talati & Talati LLP**
Chartered Accountants
(Firm Reg No: 110758W/W100377)

Amit Shah
Partner

Place of Signature: Hyderabad Membership Number: 122131
Date: 29th May 2023 UDIN: 23122131BGYHKQ2037

Annexure - A to the Auditors' Report

(Referred to in paragraph 2 (f) under the heading "Report on other Legal and Regulatory Requirements" of our report to the members of Pitti Engineering Limited on the consolidated financial statements as on 31st March, 2023)

Report on the Internal Financial Controls over Financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PITT ENGINEERING LIMITED ("the Company") as of 31st March 2023, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation, and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on auditing issued by the Institute of Chartered Accountants of India prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over the financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of consolidated financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with the authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company and its subsidiary

company which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Talati & Talati LLP**
Chartered Accountants
(Firm Reg No: 110758W/W100377)

Amit Shah
Partner

Place of Signature: Hyderabad
Date: 29th May 2023

Membership Number: 122131
UDIN: 23122131BGYHKQ2037

Consolidated Balance Sheet

as at 31st March 2023

₹ in lakhs

| Particulars | Notes | As at 31.03.2023 | As at 31.03.2022 |
|--------------------------------------|-------|---------------------|---------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| (a) Property, plant and equipment | 2A | 27,887.49 | 22,785.15 |
| (b) Capital work-in-progress | 2A | 2,405.69 | 61.23 |
| (c) Intangible Assets | 2B | 919.98 | 1,382.42 |
| (d) Right of use of Assets | 2C | 7,428.52 | 8,300.10 |
| (e) Investment property | 2D | 190.90 | 203.82 |
| (f) Financial Assets | | | |
| (i) Investments | 3A | 1,514.52 | 1,641.00 |
| (ii) Other financial assets | 3B | 852.55 | 189.89 |
| (g) Other non-current assets | 4 | 2,374.58 | 2,318.36 |
| TOTAL NON - CURRENT ASSETS | | 43,574.23 | 36,881.97 |
| CURRENT ASSETS | | | |
| (a) Inventories | 5 | 23,931.40 | 27,228.71 |
| (b) Financial Assets | | | |
| (i) Investments | 6A | 1.11 | 0.73 |
| (ii) Trade receivables | 6B | 18,144.63 | 20,426.46 |
| (iii) Cash and Cash equivalents | 6C | 3,970.14 | 763.81 |
| (iv) Other bank balances | 6D | 2,546.46 | 2,740.43 |
| (v) Other financial assets | 6E | 86.25 | 87.76 |
| (c) Other current assets | 7 | 5,541.38 | 7,527.02 |
| TOTAL CURRENT ASSETS | | 54,221.37 | 58,774.92 |
| TOTAL ASSETS | | 97,795.60 | 95,656.89 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity share capital | 8 | 1,602.92 | 1,602.92 |
| (b) Other equity | 9 | 31,800.59 | 26,788.68 |
| TOTAL EQUITY | | 33,403.51 | 28,391.60 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 10 A | 12,187.91 | 11,018.84 |
| (ii) Lease Liability | 10 B | 5,403.58 | 5,291.10 |
| (iii) Other Financial Liabilities | | 0.36 | 0.36 |
| (b) Provisions | 11 | 817.05 | 780.28 |
| (c) Deferred tax liabilities(net) | 12 | 851.08 | 912.30 |
| TOTAL NON-CURRENT LIABILITIES | | 19,259.98 | 18,002.88 |
| CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 13A | 16,802.92 | 21,423.95 |
| (ii) Trade payables | 13B | | |
| Dues to micro and small enterprises | | 136.05 | 131.73 |
| Dues to other enterprises | | 24,994.29 | 21,889.97 |
| (iii) Other financial liabilities | 13C | 832.49 | 852.10 |
| (iv) Lease liability | 13D | 1,248.55 | 1,542.56 |
| (b) Other current liabilities | 14 | 453.43 | 1,481.99 |
| (c) Provisions | 15 | 425.14 | 376.90 |
| (d) Income tax liabilities (net) | 16 | 239.24 | 1,563.21 |
| TOTAL CURRENT LIABILITIES | | 45,132.11 | 49,262.41 |
| TOTAL EQUITY AND LIABILITIES | | 97,795.60 | 95,656.89 |

Significant accounting policies and the accompanying notes 1 to 25 are an integral part of the consolidated Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**
Chartered Accountants
Firm's Registration
Number: 110758W/W100377

Sharad B Pitti
Chairman & Managing Director
DIN:00078716

Akshay S Pitti
Vice-Chairman &
Managing Director
DIN:00078760

Amit Shah
Partner
M. No:122131

NR Ganti
Director
DIN:00021592

M Pavan Kumar
Chief Financial
Officer
M. No: 216936

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

Place: Hyderabad
Date : 29th May 2023

Place: Hyderabad
Date : 29th May 2023

Consolidated Statement of Profit & Loss

for the year ended 31st March 2023

₹ in lakhs

| Particulars | Notes | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---|-------|----------------------------------|----------------------------------|
| INCOME | | | |
| Revenue from operations | 17 | 1,10,017.15 | 95,382.38 |
| Other income | 18 | 1,782.68 | 1,642.55 |
| TOTAL INCOME | | 1,11,799.83 | 97,024.93 |
| EXPENSES | | | |
| Cost of Materials consumed | 19 | 78,143.23 | 69,425.51 |
| Changes in inventories of work-in-process, finished goods and scrap | 20 | 87.57 | (1,610.57) |
| Employee benefits expenses | 21 | 8,662.85 | 7,847.11 |
| Finance costs | 22 | 4,465.41 | 3,960.50 |
| Depreciation and amortization expenses | 2 | 4,465.23 | 3,887.68 |
| Other expenses | 23 | 7,985.04 | 6,458.08 |
| TOTAL EXPENSES | | 1,03,809.33 | 89,968.31 |
| Profit before tax | | 7,990.50 | 7,056.62 |
| TAX EXPENSES | | | |
| (a) Current tax | 24 | 2,130.09 | 1,955.15 |
| (b) Tax relating to earlier years | | (1.31) | 10.20 |
| (c) Deferred tax | | (21.49) | (95.69) |
| TOTAL TAX EXPENSES | | 2,107.29 | 1,869.66 |
| Profit for the period | | 5,883.21 | 5,186.96 |
| Other Comprehensive Income | | | |
| (i) Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit plans | | (31.74) | 2.93 |
| Change in fair value of non-current investment | | (126.48) | - |
| Change in fair value of current investment | | 0.37 | (0.33) |
| Income tax relating to items that will not be recalssified subsequently to profit or loss | | 39.73 | (0.65) |
| (ii) Items that will be reclassified subsequently to profit or loss | | - | - |
| Total other comprehensive income | | (118.12) | 1.95 |
| Total Comprehensive Income | | 5,765.09 | 5,188.91 |
| Earnings per Equity Share of Face Value of ₹ 5/- each | | | |
| (a) Basic | 25.1 | 18.36 | 16.18 |
| (b) Diluted | | 18.36 | 16.18 |

Significant accounting policies and the accompanying notes 1 to 25 are an integral part of the consolidated Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors of

Pitti Engineering Limited

CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**
Chartered Accountants
Firm's Registration
Number: 110758W/W100377

Sharad B Pitti
Chairman & Managing Director
DIN:00078716

Akshay S Pitti
Vice-Chairman &
Managing Director
DIN:00078760

Amit Shah
Partner
M. No:122131

NR Ganti
Director
DIN:00021592

M Pavan Kumar **Mary Monica Braganza**
Chief Financial Company Secretary &
Officer Compliance Officer
M. No: 216936 M. No:F5532

Place: Hyderabad
Date : 29th May 2023

Place: Hyderabad
Date : 29th May 2023

Consolidated Statement of Changes In Equity

for the year ended 31st March 2023

(a) Equity Share Capital

| Particulars | Note No. | ₹ in lakhs |
|---|----------|-----------------|
| Balance as at 1 April , 2021 | | 1,602.92 |
| Changes in equity share capital during the year | | - |
| Balance as at 31 March 2022 | 8 | 1,602.92 |
| Balance as at 1 April , 2022 | | 1,602.92 |
| Changes in equity share capital during the year | | - |
| Balance as at 31 March , 2023 | 8 | 1,602.92 |

(b) Other Equity

| Particulars | Reserves and Surplus | | | Items of other comprehensive income | | |
|--|----------------------|-----------------|-------------------|-------------------------------------|-------------------------------|--------------------|
| | Securities Premium | General Reserve | Retained Earnings | Equity Instruments | Other items | Total Other Equity |
| | | | | through other comprehensive income | of other comprehensive income | |
| Balance as on 1 April , 2021 | 8,106.46 | 750.48 | 13,051.83 | (92.91) | 160.50 | 21,976.36 |
| Profit and loss during period | - | - | 5,186.31 | - | - | 5,186.31 |
| Fair Valuation of investments | - | - | - | (0.33) | - | (0.33) |
| Actuarial Gain Loss | - | - | - | - | 2.93 | 2.93 |
| Total Comprehensive Income for the current year | 8,106.46 | 750.48 | 18,238.14 | (93.24) | 163.43 | 27,165.27 |
| Dividends | - | - | (376.59) | - | - | (376.59) |
| Balance as on 31 March, 2022 | 8,106.46 | 750.48 | 17,861.55 | (93.24) | 163.43 | 26,788.68 |
| Balance as on 1 April , 2022 | 8,106.46 | 750.48 | 17,861.55 | (93.24) | 163.43 | 26,788.68 |
| Profit and loss during period | - | - | 5,883.21 | - | - | 5,883.21 |
| Fair Valuation of investments | - | - | - | (94.37) | - | (94.37) |
| Actuarial Gain Loss | - | - | - | - | (23.75) | (23.75) |
| Total Comprehensive Income for the current year | 8,106.46 | 750.48 | 23,744.76 | (187.61) | 139.68 | 32,553.77 |
| Dividends | - | - | (753.18) | - | - | (753.18) |
| Balance as on 31 March, 2023 | 8,106.46 | 750.48 | 22,991.58 | (187.61) | 139.68 | 31,800.59 |

Significant accounting policies and the accompanying notes 1 to 25 are an integral part of the consolidated Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors of

Pitti Engineering Limited

CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**

Chartered Accountants

Firm's Registration

Number: 110758W/W100377

Sharad B Pitti

Chairman & Managing Director

DIN:00078716

Akshay S Pitti

Vice-Chairman &

Managing Director

DIN:00078760

Amit Shah

Partner

M. No:122131

NR Ganti

Director

DIN:00021592

M Pavan Kumar

Chief Financial

Officer

M. No: 216936

Mary Monica Braganza

Company Secretary &

Compliance Officer

M. No:F5532

Place: Hyderabad

Date : 29th May 2023

Place: Hyderabad

Date : 29th May 2023

Consolidated Cash Flow Statement

for the year ended 31st March 2023

₹ in lakhs

| Particulars | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|--|----------------------------------|----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 7,990.50 | 7,056.62 |
| Adjusted for | | |
| Depreciation and amortisation expenses | 4,465.23 | 3,887.68 |
| Interest Income | (177.86) | (96.39) |
| Credit Risk Impaired | 43.54 | 70.60 |
| Credit Risk Allowance | (0.55) | (61.11) |
| Loss / (Profit) on sale of fixed assets (net) | (21.70) | (30.14) |
| Re-measurement gains/(losses) on employee defined benefit plans | (31.74) | 2.93 |
| Re-measurement gains/(losses) on Investments | (126.11) | (0.33) |
| Loss on current financial assets measured at FVTPL | 126.11 | 0.33 |
| Advance received for Asseets held for sale | - | (385.00) |
| Unrealised foreign exchange differences | 75.94 | 256.13 |
| Finance Costs | 4,465.43 | 16,808.79 |
| Operating Profit before Working Capital changes | 16,808.79 | 14,661.82 |
| Working Capital changes adjusted for | | |
| Trade & Other financial and non financial assets | 3,491.32 | (7,750.25) |
| Inventories | 3,297.31 | (11,506.62) |
| Trade Payables and other financial and non financial liabilities | 2,071.50 | 15,178.94 |
| | 8,860.13 | (4,077.93) |
| Cash generated from operations | 25,668.92 | 10,583.89 |
| Direct Taxes Paid | (3,452.75) | (1,792.76) |
| Cash Flow before extraordinary items | 22,216.17 | 8,791.13 |
| Net Cash Flow From Operating Activities - (A) | 22,216.17 | 8,791.13 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant & equipment and intangibles | (9,570.85) | (6,148.40) |
| Advances to Property, Plant & equipment and intangibles | (63.10) | (1,542.26) |
| ROU Assets as per IND AS 116 | (1,047.45) | (1,707.17) |
| Proceeds from sale of fixed assets | 171.48 | 73.70 |
| Interest income received | 156.77 | 45.70 |
| Net Cash used in Investing Activities - (B) | (10,353.15) | (9,278.43) |

Consolidated Cash Flow Statement

for the year ended 31st March 2023

₹ in lakhs

| Particulars | For the year ended 31.03.2023 | For the year ended 31.03.2022 |
|--|----------------------------------|----------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Cash Payments for Principal portion of lease liability | (178.66) | 90.57 |
| Cash Payments for interest portion of lease liability | (2.87) | (14.68) |
| Proceeds from Borrowings - Noncurrent (including current maturities) | 3,819.65 | 9,097.55 |
| Repayment of Borrowings - Noncurrent (including current maturities) | (3,177.58) | (4,281.34) |
| Borrowings - Current (Net) | (4,094.03) | (96.78) |
| Finance charges | (4,465.78) | (3,532.14) |
| Term Deposit Accounts with financial institutions | 195.76 | 334.68 |
| Payment of Dividend | (751.39) | (376.59) |
| Unclaimed dividend | (1.79) | 1.83 |
| | (8,656.69) | 1,223.10 |
| Net Cash used in Finance Activities - (C) | (8,656.69) | 1,223.10 |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 3,206.33 | 735.80 |
| Opening Balance in Cash and Cash Equivalents | 763.81 | 28.01 |
| Closing Balance in Cash and Cash Equivalents | 3,970.14 | 763.81 |
| Components of cash and cash equivalents: | | |
| Cash on hand | 3.31 | 9.69 |
| Balances with banks | | |
| Current accounts | 1,234.72 | 753.09 |
| EEFC accounts | 1.11 | 1.03 |
| Term deposit within 3 months of maturity (without lien) | 2,731.00 | - |
| Total cash and cash equivalents | 3,970.14 | 763.81 |

As per our report of even date

For and on behalf of the Board of Directors of

Pitti Engineering Limited

CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**Chartered Accountants
Firm's Registration
Number: 110758W/W100377**Sharad B Pitti**Chairman & Managing Director
DIN:00078716**Akshay S Pitti**Vice-Chairman &
Managing Director
DIN:00078760**Amit Shah**Partner
M. No:122131**NR Ganti**Director
DIN:00021592**M Pavan Kumar**Chief Financial
Officer
M. No: 216936**Mary Monica Braganza**Company Secretary &
Compliance Officer
M. No:F5532

Place: Hyderabad

Date : 29th May 2023

Place: Hyderabad

Date : 29th May 2023

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1. CORPORATE INFORMATION

The Consolidated financial statements comprise financial statements of Pitti Engineering Limited ("the Holding Company" or "The Company") which is a public Company and it's wholly owned subsidiary "Pitti Rail and Engineering Components Limited" which is incorporated in India during the FY 2020-21. The registered office of the Group is located at 4th floor Padmaja Landmark, Somajiguda, Hyderabad – 500082, Telangana, India. The shares of the holding company are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

The Group is engaged in the manufacturing of engineering products of iron and steel including electrical steel laminations, stator & rotor core assemblies, sub-assemblies, pole assemblies, die-cast rotors, press tools and high precision machining of various metal components including railways.

1.2. BASIS OF PREPARATION AND PRESENTATION

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Consolidated financial statements of the Group are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

The shareholders have the power to amend the Financial Statements after the issue.

1.3. PRINCIPLES OF CONSOLIDATION

- The financial statements of the Holding Company and its subsidiaries are combined on a line-by-line basis by adding together like-items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intragroup transactions.
- Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

- The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.

1.4. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Basis of Accounting

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013 as amended from time to time.

The Consolidated financial statements comprises of Pitti Engineering Limited and its wholly owned subsidiary Pitti Rail and Engineering Components Limited, being the entity that it controls. Control is assessed in accordance with the requirement of Ind AS 110 – Consolidated financial statements.

The Consolidated Financial statements have been prepared on an accrual basis and in accordance with the on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these Consolidated financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Group's Consolidated financial statements in conformity with Ind AS requires the management to make judgments, estimates and

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The management believes that the estimates used in preparation of Consolidated financial statements are prudent and reasonable.

Estimates and underlying assumptions are reviewed at each reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future period is effected.

(c) Current/ Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

1.4. PROPERTY, PLANT AND EQUIPMENT

Freehold land is measured at cost and not depreciated. All other items of property, plant and equipment (includes

Tools and Dies) are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes GST eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment, costs of dismantling and removing the item and restoring the site on which it is located and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the same were depreciated separately based on their specific useful lives.

All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

The Group records a provision for dismantling cost towards Plant and Machinery wherever applicable. Dismantling costs are provided at the present value of future expenditure using the current pre-tax rate expected to be incurred to fulfil dismantling obligation and are recognized as part of the cost of the underlined asset. Any change in the present value of expenditure other than unwinding of discount on the provision is reflected as adjustment to the provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the statement of profit and loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

All identifiable Revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre – operative expenses and disclosed under Capital Work-in-Progress.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as “Capital Advances” under other non-current assets.

Property, plant and equipment are eliminated from Consolidated financial statements, either on disposal or when retired from active use. Losses arising in the case of

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

‘Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, Plant and Equipment is provided on straight-line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Building constructed on leasehold land is depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. Any Capital Expenditure costing 5,000 or less are treated as a Revenue Expenditure and recognized in the statement of profit and loss in the year in which it is incurred.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the assets where the useful life estimated by Management is different from the Act details are given below.

| Category of asset | Estimated useful lives as assessed by the Management | Useful lives as per Schedule II to the Act |
|-------------------------------|--|--|
| Factory Building | 5-30 years | 30 years |
| Leasehold Building | 8-30 years | 30 years |
| Furniture and Fixtures | 2-10 years | 10 years |
| Patterns, Match Plates | 5-10 years | 15 years |
| Plant & Machinery | 2-20 years | 15 years |
| Electricals | 2-15 years | 10 years |
| Office Equipment | 3-15 years | 5 years |
| Lab & Test Equipment | 2-10 years | 10 years |
| Other Miscellaneous Equipment | 2-25 years | 15 years |
| Vehicles-Motor Cycle | 10 years | 10 years |
| Vehicles-Motor Cars | 2-8 years | 8 years |
| Computers – Servers | 6 years | 6 years |
| Computers – Desktops | 3-6 years | 3 years |

The useful life of each tool has been estimated in number of strokes; hence Depreciation has also been done on the number of strokes made by each tool during the year. However, if any tool wears out or gets obsolete before expiry of the estimated life, the remaining value of the tool is depreciated during that year.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortization and impairment loss, if any.

Intangible assets including software is amortized over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The estimated useful life and the amortization period of the intangible assets are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

Development expenditures on an individual product/project are recognized as an intangible asset when the Group can demonstrate, the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and use or sell the asset, its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the availability to measure reliably the expenditure during development.

Product development cost are amortized on a straight-line basis over a period of 60 months.

Subsequent cost

Subsequent costs incurred for replacement of a major component of an asset are included in the asset's carrying cost or recognized as a separate asset, as appropriate. The carrying values of the replaced components are recognized to statement of Profit and Loss when replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Gains or losses arising from de-recognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

INVESTMENT PROPERTY

Properties that are held for long-term rental yields and/or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Depreciation is recognised using the straight-line method so as to amortise the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act 2013. Transfers to or from investment properties are made at the carrying amount when and only when there is a change in use. An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

1.5. REVENUE RECOGNITION

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

The control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over the time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of

variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts offered by the company as part of the contract. Consideration is due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

(a) Interest income

Interest Income from financial asset is recognized when it is probable that the economic benefits flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

(b) Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(c) Other income

Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

Income from export incentives under Foreign Trade Policy relating to RodTep, duty drawback premium on sale of import licenses and lease license fee are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

1.6. INVESTMENTS

The company has accounted for its investment in subsidiary at cost less impairment loss (if any).

All other equity investments are measured at fair value, with value changes recognized in Statement of Profit and Loss, except for those equity investments for which the company has elected to present the change in 'Other Comprehensive Income'.

Investments are classified into current and non-current investments. Investments that are readily realizable and intended to be held for not more than a year from the

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

date of acquisition are classified as current investments. All other investments are classified as non-current investments. However, that part of long term investments which are expected to be realized within twelve months from Balance Sheet date is also presented under "Current Investment" under "Current portion of long term investments" in consonance with the current / non-current classification of Schedule III of the Act.

1.7. INVENTORIES

- Inventories include raw material, work in progress, finished goods, scrap and stores, spares and consumables and is carried at the weighted average cost or net realizable value whichever is lower.
- The cost of inventories is computed to include all cost of purchases, cost of conversion, standard overheads and other related cost incurred in bringing the inventories to their present condition.
- Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

1.8. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Items included in the Consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('functional currency'). The Consolidated financial statements are presented in Indian Rupee (₹), which is the Group's functional and presentation currency.

Foreign exchange differences arising on foreign currency borrowings is disclosed under finance cost, other than on 'Borrowing costs' in accordance with Ind AS 23, which is directly attributable to the acquisition, construction, or production of a qualifying asset forming part of the cost of the asset.

Net gain or loss on foreign currency translations on trade receivables and trade payables is classified under other income or other expenses as the case may be.

(a) Initial Recognition

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

(b) Measurement of foreign currency items at the Balance Sheet date

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-Monetary assets are recorded at the rates prevailing on the date of the transaction.

1.9. EMPLOYEE BENEFITS

Defined Contribution Plan

Contribution as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Short term employee benefits are recognised on an undiscounted basis whereas Long term employee benefits are recognised on a discounted basis.

Defined Benefit Plan

Gratuity: In accordance with applicable Indian Laws, the Group provides gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The gratuity plan provides a lump sum payment to vested employees, at retirement, or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Group. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date.

Leave Encashment: In accordance with applicable Indian Laws, the Group provides Encashment of Leave, a defined benefit plan (Leave Encashment Plan) covering all employees. Liability with regard to Leave Encashment Plan is accrued based on actuarial valuation at the Balance Sheet date.

Measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

Past service costs are recognized in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine Settlements; and
- (ii) Net interest expense or income

Termination Benefits

When the employee early retirement/termination/resignation/withdrawal the normal retirement benefit will be paid based on the service up to the date of exit.

1.10. BORROWING COSTS

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost, if any.

Borrowing costs, which are directly attributable to the acquisition/construction or production of a qualifying asset, till the time such assets are ready for intended use, are capitalized as part of the costs of such assets. Other Borrowing costs are recognized as expenses in the year in which they are incurred.

1.11. LEASES

The Group as a lessee

As per Ind AS-116, the Group has recognized lease liabilities and corresponding equivalent right-of-use assets. The Group's lease asset primarily consist of leases for Land, Buildings, Plant & Machinery and Vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) The contract involves the use of an identified asset.

- (ii) The Group has substantially all the economic benefits from use of the asset through the period of the lease and

- (iii) The Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a Right-of-Use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

1.12. IMPAIRMENT

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

(tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13. EARNINGS PER SHARE

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.14. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chairman and Managing

Director and Vice Chairman and Managing Director have been identified as the Chief Operating Decision Maker. Refer note 25.11 for the segment information presented.

1.15. PROVISIONS AND CONTINGENCIES

The Group creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources, and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

The expenses relating to a provision is presented in the Statement of Profit & Loss net of any reimbursement.

1.16. TAXATION

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Group has adopted and effected the reduced corporate tax rate permitted under section 115BAA of the Income Tax Act, 1961 as per the Taxation Laws (Amendment) Ordinance, 2019. The tax calculations for the year ended 31st March 2022 have been made accordingly.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

1.17. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognized initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

However, Trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortized cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt Instruments at Amortized Cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows,
- And
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either

- (a) The Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of Financial Assets

In accordance with Ind AS 109, the Group uses expected credit loss model, for evaluating impairment of financial assets other than those measured at sale value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to :

- The twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument but are possible within twelve months after the reporting date.) : or
- Full life time expected credit losses (expected credit losses that result from those default events over the life of the financial instrument).

For trade receivables, the Group applies simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables at every reporting date the existing trade receivables are reviewed and accordingly required credit loss is recognized in books.

For other assets (other than trade receivables), the Group uses twelve months expected credit loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full life time expected credit loss is used.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these Consolidated financial statements is

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for the year ended 31st March 2023

determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

Levels of Risk in Fair Value Measurement:

Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs)

1.18 EXCEPTIONAL ITEM

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to their nature or incidence.

1.19 GOVERNMENT GRANT

Government grants including any non-monetary grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. Government grants are recognized in the statement of profit and loss on a systematic basis over the periods in which the related costs, which the grants are intended to compensate, are recognised as expenses. Government grants related to property, plant and equipment are presented at fair value and grants are recognised as deferred income.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 2

NOTE 2A: PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | | |
|------------------------------------|------------------|------------------|-------------------|------------------|-----------------|----------|---------------|------------------|------------------|------------------|------------|------------------|
| | As at | ADDITIONS | ADJUSTMENTS | As at | FOR THE | FOR | ADJUSTMENTS | As at | As at | As at | As at | |
| | 01.04.2022 | 01.04.2023 | 31.03.2023 | 01.04.2022 | YEAR | RESERVES | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2022 | 31.03.2022 | |
| Tangible Assets | | | | | | | | | | | | |
| Land | 1,819.87 | 149.13 | - | - | - | - | - | - | - | 1,969.00 | - | 1,819.87 |
| Factory Building | - | - | - | - | - | - | - | - | - | - | - | - |
| - on Own premises | 3,539.93 | 48.00 | - | 816.16 | 130.49 | - | - | 946.65 | 2,641.28 | 2,723.77 | - | 2,723.77 |
| - on Lease hold Property | 1,302.23 | 157.20 | - | 758.84 | 52.52 | - | - | 811.36 | 648.07 | 543.39 | - | 543.39 |
| - Office Building - Lease Building | - | 48.37 | - | - | 3.70 | - | - | 3.70 | 44.67 | - | - | - |
| Plant & Equipment | 27,759.77 | 4,641.78 | 1,695.14 | 14,856.03 | 2,261.72 | - | 726.72 | 17,844.47 | 16,252.22 | 12,903.74 | - | 12,903.74 |
| Tools | 4,600.26 | 1,285.66 | (171.99) | 738.62 | 314.85 | - | (100.53) | 952.94 | 4,760.99 | 3,861.64 | - | 3,861.64 |
| Patterns, Match plates & Mould Box | 447.31 | 57.64 | - | 122.01 | 59.33 | - | - | 181.34 | 323.61 | 325.30 | - | 325.30 |
| Office Equipment | 325.50 | 67.31 | (3.53) | 220.64 | 43.65 | - | (3.45) | 260.84 | 128.44 | 104.86 | - | 104.86 |
| Furniture & Fixtures | 193.44 | 109.72 | - | 141.21 | 16.65 | - | - | 157.86 | 145.30 | 52.23 | - | 52.23 |
| Other-Computers | 397.10 | 59.07 | (92.47) | 363.70 | 33.85 | - | (88.87) | 268.48 | 95.22 | 73.60 | - | 73.60 |
| Vehicles | 767.96 | 693.28 | (248.30) | 391.21 | 147.26 | - | (204.22) | 334.25 | 878.69 | 376.75 | - | 376.75 |
| Sub Total | 41,153.37 | 7,317.16 | 1,178.85 | 18,368.22 | 3,064.02 | - | 329.65 | 21,761.89 | 27,887.49 | 22,785.15 | - | 22,785.15 |
| Capital Work in Progress | 61.23 | 11,420.72 | (9,076.26) | 2,405.69 | - | - | - | 2,405.69 | - | 61.23 | - | 61.23 |

During the current year, 85.80 lakhs (Previous year Nil) interest capitalized on term loans

Capital Work in Progress ageing schedule

| Particulars | As on 31 st March 2023 | | | | |
|--------------------------------|--------------------------------|--------------|-----------|-------------------|-----------------|
| | Amount in CWIP for a period of | | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 2,348.38 | 57.31 | - | - | 2,405.69 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 2,348.38 | 57.31 | - | - | 2,405.69 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE : 2B INTANGIBLE ASSETS

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|------------------------------|-----------------|-----------------|-----------------|---------------|------------|-----------------|---------------|-----------------|--|
| | As at | As at | As at | As at | As at | As at | As at | As at | |
| | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | |
| Computer Software | 829.62 | 833.02 | 652.06 | 74.54 | - | 726.60 | 106.42 | 177.56 | |
| Product Development Expenses | 2,086.64 | 2,086.64 | 881.78 | 391.30 | - | 1,273.08 | 813.56 | 1,204.86 | |
| Sub Total | 2,916.26 | 2,919.66 | 1,533.84 | 465.84 | - | 1,999.68 | 919.98 | 1,382.42 | |

NOTE: 2C RIGHT OF USE ASSETS

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|---------------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|--|
| | As at | As at | As at | As at | As at | As at | As at | As at | |
| | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | |
| Land | 227.69 | 227.69 | 53.64 | 17.88 | - | 71.52 | 156.17 | 174.05 | |
| Building | 2,620.36 | 2,602.44 | 390.88 | 156.55 | (1.80) | 545.63 | 2,056.81 | 2,229.48 | |
| Plant and Machinery | 6,809.82 | 6,049.25 | 977.82 | 723.97 | (827.56) | 874.23 | 5,175.02 | 5,832.00 | |
| Vehicles | 115.85 | 115.85 | 51.28 | 24.05 | - | 75.33 | 40.52 | 64.57 | |
| Subtotal | 9,773.72 | 1,064.77 | 1,473.62 | 922.45 | (829.36) | 1,566.71 | 7,428.52 | 8,300.10 | |

Note: 2D INVESTMENT PROPERTY*

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | |
|------------------------------|------------------|-----------------|------------------|-----------------|------------|------------------|------------------|------------------|--|
| | As at | As at | As at | As at | As at | As at | As at | As at | |
| | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | 01.04.2022 | 31.03.2023 | |
| Investment Property | - | - | - | - | - | - | - | - | |
| Land | 0.49 | 0.49 | - | - | - | - | 0.49 | 0.49 | |
| Factory Building | 452.55 | 452.55 | 249.22 | 12.92 | - | 262.14 | 190.41 | 203.33 | |
| Sub Total | 453.04 | 453.04 | 249.22 | 12.92 | - | 262.14 | 190.90 | 203.82 | |
| Grand Total (A+B+C+D) | 54,296.39 | 8,385.33 | 21,624.90 | 4,465.23 | - | 26,589.84 | 36,756.29 | 32,671.49 | |
| Excluding CWIP | - | - | - | - | - | - | - | - | |
| Previous Year | 46,538.14 | 7,837.42 | 17,772.83 | 3,887.68 | (35.61) | 21,624.90 | 32,671.49 | 28,765.31 | |

* Fair Market Value on 05.05.2023 is 1551.89 Lakhs as per valuation report given by registered independent valuer

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 3A : INVESTMENTS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Investment with Pitti Castings Private Ltd (Unquoted) | | |
| a. Equity Shares | 281.52 | 408.00 |
| (40,80,000 equity shares at face value ₹ 10/- each, previous year 40,80,000) Presented as per Fair Market Value as per Ind AS Requirement | | |
| b. Redeemable Preferential shares | 1,233.00 | 1,233.00 |
| (1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹ 10/- each) | | |
| TOTAL OF UNQUOTED INVESTMENTS | 1,514.52 | 1,641.00 |

NOTE 3B : OTHER FINANCIAL ASSETS

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Unsecured, considered good | | |
| Term Deposits with Financial Institutions | 807.20 | 150.50 |
| Deposits: | | |
| Rent | 31.01 | 28.53 |
| With suppliers | 14.34 | 10.86 |
| TOTAL | 852.55 | 189.89 |

NOTE 4 : OTHER NON CURRENT ASSETS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Unsecured, considered good | | |
| Capital Advance for Property Plant and Equipment | 2203.65 | 2,140.55 |
| Prepaid Expenses - Rent Deposits | 43.75 | 47.63 |
| Gold Coins | 1.49 | 1.49 |
| Deposits: | | |
| With government bodies | 125.69 | 128.69 |
| TOTAL | 2,374.58 | 2,318.36 |

NOTE 5 : INVENTORIES

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| (At lower of cost or Net realisable value) | | |
| Raw material | 13,402.64 | 16,874.32 |
| Material in Transit - Raw Material | 289.23 | 26.46 |
| Work in process | 3,669.33 | 4,597.69 |
| Finished goods | 4,489.04 | 3,609.12 |
| Stores and spares | 2,058.44 | 2,059.27 |
| Scrap | 22.72 | 61.85 |
| TOTAL | 23,931.40 | 27,228.71 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 6A : INVESTMENTS

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Investment in Equity Shares | | |
| I. Quoted | | |
| Development Credit Bank Ltd. | 1.07 | 0.69 |
| Face Value 1,000 Equity Shares of ₹ 10/- each Presented as per Fair Market Value as per Ind AS Requirement | | |
| II. Unquoted | | |
| Saraswat Co-operative Bank Ltd. 50 Equity Shares of ₹ 10/- each | 0.01 | 0.01 |
| S.V. Co-operative Bank Ltd 100 Equity Shares of ₹ 10/- each | 0.03 | 0.03 |
| TOTAL | 1.11 | 0.73 |

NOTE 6B : TRADE RECEIVABLES

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Trade Receivables considered good - Secured | - | - |
| Trade Receivables considered good - Un Secured | 18,188.17 | 20,497.61 |
| Trade Receivables which have Significant increase in Credit Risk | - | (0.55) |
| Trade Receivables - Credit Impaired | (43.54) | (70.60) |
| TOTAL | 18,144.63 | 20,426.46 |

Trade Receivables ageing schedule for the year ended 31 st March 2023

| Particulars | ₹ in lakhs | | | | | | |
|--|--|-----------------------|---------------------|--------------|--------------|----------------------|------------------|
| | Outstanding for following periods from due date of payment | | | | | | |
| | Amount not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables — considered good | 16,728.60 | 1,401.90 | 10.66 | 46.88 | 0.05 | 0.08 | 18,188.17 |
| (ii) Undisputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables — credit impaired | - | - | - | (43.54) | - | - | (43.54) |
| (iv) Disputed Trade Receivables — considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables — credit impaired | - | - | - | - | - | - | - |
| Total {(i)-[(ii)-(iii)]+[(iv)-[(v)-(vi)]]} | 16,728.60 | 1,401.90 | 10.66 | 3.34 | 0.05 | 0.08 | 18,144.63 |

Trade Receivables aging schedule for the year ended 31 st March 2022

| Particulars | ₹ in lakhs | | | | | | |
|--|--|-----------------------|---------------------|--------------|--------------|----------------------|------------------|
| | Outstanding for following periods from due date of payment | | | | | | |
| | Amount not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables — considered good | 18,066.78 | 2,341.29 | 17.06 | 0.36 | 0.90 | 71.22 | 20,497.61 |
| (ii) Undisputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | (0.55) | (0.55) |
| (iii) Undisputed Trade Receivables — credit impaired | - | - | - | - | - | (70.60) | (70.60) |
| (iv) Disputed Trade Receivables — considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables — which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables — credit impaired | - | - | - | - | - | - | - |
| Total {(i)-[(ii)-(iii)]+[(iv)-[(v)-(vi)]]} | 18,066.78 | 2,341.29 | 17.06 | 0.36 | 0.90 | 0.07 | 20,426.46 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 6C : CASH AND CASH EQUIVALENTS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Cash on Hand | 3.31 | 9.69 |
| Balances with banks | | |
| Current Accounts | 1,234.72 | 753.09 |
| EEFC Accounts | 1.11 | 1.03 |
| Term Deposit Accounts with in 3 months of maturity | 2,731.00 | - |
| Cash & Cash equivalents - Total | 3,970.14 | 763.81 |

NOTE 6D : OTHER BANK BALANCES

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Bank Balances other than cash & cash equivalents mentioned above | | |
| Unclaimed dividend account (Refer note a) | 8.73 | 6.94 |
| Term Deposits - held as margin money for NFB limits | 2,537.73 | 2,733.49 |
| Other bank balances - Total | 2,546.46 | 2,740.43 |

Note:

- a) During the year an amount of 3.92 lakhs final dividend for the year 2014-15 was transferred to Investor Education and Protection Fund (IEPF) (previous year 2.91 lakhs final dividend for the year 2013-14 & 2.14 lakhs interim dividend for the year 2014-15)

NOTE 6E : OTHER FINANCIAL ASSETS

| Particulars | ₹ in lakhs | |
|------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Interest accrued on Deposits | 86.25 | 65.18 |
| Earnest Money Deposit Amount | - | 22.58 |
| TOTAL | 86.25 | 87.76 |

NOTE 7 : OTHER CURRENT ASSETS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| (Unsecured and considered good) | | |
| Advances to: | | |
| Material suppliers/contractors | 1,184.41 | 778.51 |
| Central excise, Sales tax, GST etc., | 1,981.94 | 3,101.34 |
| Export Incentive Receivables | 35.66 | 175.53 |
| State Industrial Promotion Subsidy receivables | 1,410.86 | 2,876.27 |
| Income Tax and other taxes | 240.66 | 233.01 |
| Employees | 2.99 | 2.26 |
| Prepaid expenses | 684.86 | 360.10 |
| TOTAL | 5,541.38 | 7,527.02 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 8 : EQUITY SHARE CAPITAL

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Authorised Capital | | |
| 6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 5/- each | 3000.00 | 3,000.00 |
| TOTAL | 3,000.00 | 3,000.00 |
| Issued, Subscribed and Paid up | | |
| 3,20,50,067 (Previous year 3,20,50,067) Equity shares of ₹ 5/- each | 1602.50 | 1,602.50 |
| 8,300 (Previous year 8,300) Equity Shares forfeited of ₹ 5/- each | 0.42 | 0.42 |
| TOTAL | 1,602.92 | 1,602.92 |

Notes

(a) Reconciliation of equity shares

| Particulars | ₹ in lakhs | | | |
|--|--------------------|-----------------|--------------------|-----------------|
| | As at 31.03.2023 | | As at 31.03.2022 | |
| | No. of Shares | ₹ in lakhs | No. of Shares | ₹ in lakhs |
| Issued, subscribed and paid-up capital | | | | |
| At the beginning of the period | 3,20,50,067 | 1,602.50 | 3,20,50,067.00 | 1,602.50 |
| Issued during the period | - | - | - | - |
| At the closing of the period | 3,20,50,067 | 1,602.50 | 3,20,50,067 | 1,602.50 |

(b) Rights, preferences and restrictions attached to shares :

The Company has only one class of equity shares having a par value of ₹ 5/- each and the holder of the equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting except in the case of interim dividend. In the event of liquidation of the Company the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to their share holding.

(c) Details of Shareholders holding more than 5% equity shares in the Company

| Name of the shareholder | ₹ in lakhs | | | |
|------------------------------------|------------------|-------------------|------------------|-------------------|
| | As at 31.03.2023 | | As at 31.03.2022 | |
| | No. of Shares | % of Total shares | No. of Shares | % of Total shares |
| Shri Sharad B Pitti | 43,49,926 | 13.57 | 43,49,926 | 13.57 |
| Shri Akshay S Pitti | 42,28,414 | 13.19 | 42,28,414 | 13.19 |
| Smt Madhuri S Pitti | 17,58,620 | 5.49 | 17,58,620 | 5.49 |
| Pitti Electrical Equipment Pvt Ltd | 86,47,267 | 26.98 | 86,46,667 | 26.98 |

(d) Shares held by promoters at the end of the year

| Promoter Name | ₹ in lakhs | | | | |
|-------------------------------------|------------------|-------------------|------------------|-------------------|--------------------------|
| | As at 31.03.2023 | | As at 31.03.2022 | | % Change during the year |
| | No. of shares | % of total shares | No. of shares | % of total shares | |
| Shri Sharad B Pitti | 43,49,926 | 13.57 | 43,49,926 | 13.57 | - |
| Shri Akshay S Pitti | 42,28,414 | 13.19 | 42,28,414 | 13.19 | - |
| Smt Madhuri S Pitti* | 17,58,620 | 5.49 | 17,58,620 | 5.49 | - |
| Pitti Electrical Equipment Pvt Ltd* | 86,47,267 | 26.98 | 86,46,667 | 26.98 | - |
| Sharad B Pitti HUF* | 17,000 | 0.06 | 17,000 | 0.06 | - |

* Promoter Group

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 8 : EQUITY SHARE CAPITAL (Contd..)

(e) Dividend paid:

| Particulars | ₹ in lakhs | |
|-----------------------------|------------|---------|
| | 2022-23 | 2021-22 |
| Dividend Paid (₹ in Lakhs) | 753.18 | 376.59 |
| Dividend Paid per share (₹) | 2.70 | 2.03 |

The Board of Directors have recommended a final dividend of ₹ 1.20(24%) per equity share of ₹ 5/- each for the year ended 31st March, 2023 subject to approval of members of the Company at the ensuing 39th Annual General Meeting.

NOTE 9 : OTHER EQUITY

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Securities Premium | | |
| At the beginning of the year | 8,106.46 | 8,106.46 |
| Add: during the period | - | - |
| At the closing of the period | 8,106.46 | 8,106.46 |
| General Reserve | | |
| At the beginning of the year | 750.48 | 750.48 |
| Less: adjustment as per Schedule -II of Companies Act, 2013 | - | - |
| Add: Transferred from P&L Account during the year | - | - |
| At the closing of the period | 750.48 | 750.48 |
| Retained Earnings | | |
| At the beginning of the year | 17,861.55 | 13,051.83 |
| Less : Final dividend declared for previous year | (272.43) | - |
| Add : Profit/(Loss) for the period | 5,883.21 | 5,186.31 |
| Less : Interim dividend for the year | (480.75) | (376.59) |
| Less : Transferred to general reserve during the year | - | - |
| At the closing of the period | 22,991.58 | 17,861.55 |
| Items of Other Comprehensive Income | | |
| Remeasurement of the net defined benefit (liability)/assets | 139.68 | 163.43 |
| Change in fair value of current investment | (187.61) | (93.24) |
| Net Surplus in the Statement of Profit and Loss | (47.93) | 70.19 |
| TOTAL | 31,800.59 | 26,788.68 |

Securities Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium.

The utilization of securities premium will be as per provisions of the Act.

General Reserve

General reserve is created through an annual transfer of net profit in accordance with applicable regulations.

Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 10A : BORROWINGS

| Particulars | ₹ in lakhs | |
|---------------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| A. Secured Loans | | |
| Term Loans from Banks (Refer Note a) | 8,996.94 | 8,447.13 |
| Term Loans from others (Refer Note b) | 184.01 | - |
| Sub total | 9,180.95 | 8,447.13 |
| Vehicle Loans | | |
| From Lenders (Refer Note c) | 496.96 | 61.71 |
| Sub total | 496.96 | 61.71 |
| Total - A | 9,677.91 | 8,508.84 |
| B. Unsecured loans | | |
| From related parties (Refer Note d) | 2,510.00 | 2,510.00 |
| Total - B | 2,510.00 | 2,510.00 |
| TOTAL - (A+B) | 12,187.91 | 11,018.84 |

Terms and conditions of loans and security

(a) Term Loans from Banks

| Secured Loans | Long Term | | Term loan instalments due less than 12 months | | Repayment Terms | Security |
|--------------------|--|--|---|--|--|----------|
| | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | | |
| | Term Loans | 5,796.99 | 4,312.18 | 1,462.96 | | |
| WCTL/GECL | 3,199.95 | 4,134.95 | 916.83 | 884.01 | Monthly instalments payable over remaining period of 5 years | Notes 2 |
| Total - (a) | 8,996.94 | 8,447.13 | 2,379.79 | 3,020.68 | | |

(b) Term Loans from Others

| Secured Loans | Long Term | | Term loan instalments due less than 12 months | | Repayment Terms | Security |
|----------------------|--|--|---|--|-----------------|----------|
| | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | Outstanding Amount as at 31st March 2023 | Outstanding Amount as at 31st March 2022 | | |
| | Term Loans | 184.01 | - | 49.59 | | |
| WCTL/GECL | - | - | - | - | | |
| Total - (b) | 184.01 | - | 49.59 | - | | |
| Total - (a+b) | 9,180.95 | 8,447.13 | 2,429.38 | 3,020.68 | | |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 10A : BORROWINGS (Contd..)

(c) Vehicle loans are secured by hypothecation of vehicles funded by respective lenders. Vehicle loans are repayable in monthly instalments till April 2029

(d) Unsecured loans ₹ 2,510 lakhs (previous year ₹ 2,510 lakhs) brought in by the promoters and promoters group as subordinate debt to the secured debt.

Notes :

- Pari passu 1st charge on present and future Fixed Assets of the Company and pari passu 2nd charge on present and future Current Assets of the Company. further all loans are guaranteed by the promoters of the company. Further, SBI is having exclusive charge on immovable properties of Promoters and pledge of 19,44,530 shares of Promoters holding. Term loans carry interest rate in the range of 8.50% to 10.75% p.a.
- WCTL/GECL loans are secured by Pari Passu 2nd charge on present and future Fixed Assets and Current Assets of the Company and 2nd Pari Passue charge on 19,44,530 pledge of shares along with other working capital lenders in consortium and these are repayable at an interest rate range from 8.00% to 9.25%

NOTE 10B : LEASE LIABILITY

| Particulars | ₹ in lakhs | |
|-----------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Lease Liability | 5,403.58 | 5,291.10 |
| TOTAL | 5,403.58 | 5,291.10 |

NOTE 11 : PROVISIONS

| Particulars | ₹ in lakhs | |
|-----------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Provision for Gratuity* | 157.17 | 163.20 |
| Provision for Leave encashment* | 133.49 | 127.16 |
| Provision for Dismantling of PPE# | 526.39 | 489.92 |
| TOTAL | 817.05 | 780.28 |

* Refer note no. 25.3

The movement in the provision is towards (i) Additons during the period (ii) Unwinding of discount.

NOTE 12 : DEFERRED TAX LIABILITIES (NET)*

| Particulars | ₹ in lakhs | |
|------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| At the beginning of the year | 912.30 | 1,007.34 |
| Provision for the year | (61.22) | (95.04) |
| Closing balance | 851.08 | 912.30 |

* Refer note no. 25.14

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 13A : BORROWINGS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Working capital borrowings from Banks (Secured) (Refer Note (a)) | 13,629.36 | 16,956.94 |
| Current maturities of Long term borrowings: (Refer Note (b)) | | |
| Term loans | 2,429.38 | 3,020.68 |
| Vehicle loans | 94.18 | 21.33 |
| Inter Corporate Deposit | 650.00 | 1,425.00 |
| TOTAL | 16,802.92 | 21,423.95 |

Note:

- (a) Working capital facilities are availed at interest rate ranging from 5.50% p.a. to 9.30% p.a. which are secured on a pari paasu first charge basis against hypothecation of Inventory (stocks), Trade Receivables and all other current assets both present and future, pari passu second charge on movable and immovable properties of the Company both present and future, pledge of 19,44,530 shares owned by Promoters and secured by way of personal guarantee of the Promoters of the Company.
- (b) Refer Note 10A

NOTE 13B : TRADE PAYABLES

| Particulars | ₹ in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Dues to micro enterprises and small enterprises (Refer Note 25.17)* | 136.05 | 131.73 |
| Dues to others | 24,994.29 | 21,889.97 |
| TOTAL | 25,130.34 | 22,021.70 |

Note:

The information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the company on records.

* The amount mentioned is principal only.

Trade Payables aging schedule for year ended 31 st March 2023

| Particulars | ₹ in lakhs | | | | | |
|-------------------------------|------------------|---|--------------|--------------|----------------------|------------------|
| | Not Due | Outstanding for following periods from due date of payment | | | | Total |
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| (i) Undisputed dues - MSME | 136.05 | - | - | - | - | 136.05 |
| (ii) Undisputed dues - Others | 23,875.74 | 1,087.37 | 22.79 | 4.17 | 4.22 | 24,994.29 |
| (iii) Disputed dues — MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 24,011.79 | 1,087.37 | 22.79 | 4.17 | 4.22 | 25,130.34 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 13B : TRADE PAYABLES (Contd..)

Trade Payables aging schedule for year ended 31 st March 2022

| Particulars | ₹ in lakhs | | | | | |
|-------------------------------|------------------|---|--------------|--------------|----------------------|------------------|
| | Not Due | Outstanding for following periods from due date of payment | | | | Total |
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| (i) Undisputed dues - MSME | 131.73 | - | - | - | - | 131.73 |
| (ii) Undisputed dues - Others | 20,418.12 | 1,416.21 | 37.84 | 0.15 | 17.65 | 21,889.97 |
| (iii) Disputed dues — MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| Total | 20,549.85 | 1,416.21 | 37.84 | 0.15 | 17.65 | 22,021.70 |

NOTE 13C : OTHER FINANCIAL LIABILITIES

| Particulars | ₹ in lakhs | |
|--------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Unclaimed Dividend | 8.73 | 6.94 |
| Interest accrued* | 26.98 | 106.46 |
| Others | 796.78 | 738.70 |
| TOTAL | 832.49 | 852.10 |

*There is no interest payable to MSME vendors during the current or previous year

NOTE 13D : LEASE LIABILITY

| Particulars | ₹ in lakhs | |
|-----------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Lease Liability | 1,248.55 | 1,542.56 |
| TOTAL | 1,248.55 | 1,542.56 |

NOTE 14 : OTHER CURRENT LIABILITIES

| Particulars | ₹ in lakhs | |
|-------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Advances from Customers | 298.31 | 1,315.57 |
| Other Liabilities | 155.12 | 166.42 |
| TOTAL | 453.43 | 1,481.99 |

NOTE 15 : PROVISIONS

| Particulars | ₹ in lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Provision for employee benefits : | | |
| Provision for Gratuity | 72.36 | 74.80 |
| Provision for Bonus | 324.97 | 279.76 |
| Provision for Leave encashment | 27.81 | 22.34 |
| TOTAL | 425.14 | 376.90 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 16 : INCOME TAX LIABILITIES (NET)

| Particulars | ₹ in lakhs | |
|------------------------------|---------------------|---------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Provision for taxation (net) | 239.24 | 1,563.21 |
| TOTAL | 239.24 | 1,563.21 |

NOTE 17 : REVENUE FROM OPERATIONS

| Particulars | ₹ in lakhs | |
|--|----------------------------------|----------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Sales & Services: | | |
| Sale of Products | 1,23,284.27 | 1,06,851.52 |
| Job work & Service Income | 767.72 | 548.47 |
| Gross Sales & Services (inclusive of GST) | 1,24,051.99 | 1,07,399.99 |
| Less : GST | (13,114.22) | (11,672.23) |
| Net Sales & Services | 1,10,937.77 | 95,727.76 |
| Sale of Products | 1,10,248.34 | 95,238.15 |
| Job work & Service Income | 689.43 | 489.61 |
| Net Sales & Services | 1,10,937.77 | 95,727.76 |
| Less : Discounts to Customers | (1,461.57) | (732.44) |
| Revenue from Sales & Services | 1,09,476.20 | 94,995.32 |
| Export incentives and others | 540.95 | 387.06 |
| Revenue from Operations | 1,10,017.15 | 95,382.38 |

NOTE 18 : OTHER INCOME

| Particulars | ₹ in lakhs | |
|-------------------------|----------------------------------|----------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Interest on Deposits | 177.86 | 96.39 |
| Profit on Sale of Asset | 21.70 | 30.14 |
| Industrial Incentive | 1,479.08 | 1,051.46 |
| Other Misc. Receipts | 104.04 | 464.56 |
| Dividend Income | - | 0.00 |
| TOTAL | 1,782.68 | 1,642.55 |

NOTE 19 : COST OF MATERIAL CONSUMED

| Particulars | ₹ in lakhs | |
|----------------------------|----------------------------------|----------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Opening stock | 16,900.78 | 7,462.68 |
| Add: Purchases | 74,934.32 | 78,863.61 |
| Less : Material in Transit | (289.23) | (1,236.28) |
| Less: Closing stock | (13,402.64) | (15,664.50) |
| Consumption | 78,143.23 | 69,425.51 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 20: CHANGES IN INVENTORIES OF WORK-IN-PROCESS, FINISHED GOODS AND SCRAP

| Particulars | ₹ in lakhs | |
|---|----------------------------------|----------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| A. Opening stocks: | | |
| Work-in-process | 4,597.69 | 2,072.74 |
| Finished goods | 3,609.12 | 4,237.20 |
| Scrap | 61.85 | 348.15 |
| Total - A | 8,268.66 | 6,658.09 |
| B. Closing stocks: | | |
| Work-in-process | 3,669.33 | 4,597.69 |
| Finished goods | 4,489.04 | 3,609.12 |
| Scrap | 22.72 | 61.85 |
| Total - B | 8,181.09 | 8,268.66 |
| C. (Increase)/Decrease in stocks (A-B) | 87.57 | (1,610.57) |

Note 21 : EMPLOYEE BENEFIT EXPENSE

| Particulars | ₹ in lakhs | |
|-------------------------------------|----------------------------------|----------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Employees remuneration and benefits | 7,762.23 | 6,951.37 |
| Contribution to PF/ESI * | 358.92 | 346.89 |
| Gratuity Expenses * | 59.79 | 73.96 |
| Remuneration to Directors | 192.72 | 192.72 |
| Staff welfare expenses | 289.19 | 282.17 |
| TOTAL | 8,662.85 | 7,847.11 |

* Refer note no. 25.3

Note 22 : FINANCE COSTS

| Particulars | ₹ in lakhs | |
|-----------------------------|----------------------------------|----------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Interest on Term Loans | 1,315.98 | 1,267.52 |
| Interest on Working Capital | 1,375.51 | 1,239.07 |
| Interest as per Ind AS | 411.11 | 423.92 |
| Interest on others | 52.79 | 94.69 |
| Bank Charges | 1,094.95 | 900.73 |
| Forex Loss | 215.07 | 34.57 |
| TOTAL | 4,465.41 | 3,960.50 |

*Interest capitalized during the F.Y 2022-23 is ₹ 85.80 lakhs (Previous year ₹ Nil)

Note 23 : OTHER EXPENSES

| Particulars | ₹ in lakhs | |
|---|----------------------------------|----------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Consumption of Stores, Spares, Tools & Dies | 1,763.30 | 1,739.80 |
| Power & fuel | 1056.03 | 793.08 |
| Repairs & Maintenance : | | |
| Plant | 203.47 | 62.21 |
| Building | 17.89 | 13.88 |
| Vehicles | 16.08 | 13.35 |
| Maintenance charges | 121.64 | 97.33 |
| Other Assets | 92.09 | 35.62 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

Note 23 : OTHER EXPENSES (Contd..)

| Particulars | ₹ in lakhs | |
|---|-------------------------------|-------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Credit Risk Impaired | 43.54 | 70.60 |
| Credit Risk Allowance | (0.55) | (61.11) |
| Other selling & Distribution expenses | 574.40 | 461.19 |
| Packing Cost | 1,269.07 | 1,013.94 |
| Carriage outwards | 538.36 | 509.04 |
| Travelling & Conveyance | 420.38 | 304.45 |
| Insurance | 263.93 | 235.06 |
| Rent | 20.17 | 1.20 |
| Rates & Taxes (Excluding Taxes on Income) | 107.76 | 90.95 |
| Director's Sitting Fees | 23.75 | 21.25 |
| Forex loss on Export Receivables and Imports Payables | 412.04 | 58.22 |
| Remuneration to auditors : | | |
| Audit Fee | 15.25 | 13.45 |
| Tax Audit Fee | 5.25 | 5.25 |
| Certification Fee /Taxation matter | 15.00 | 22.25 |
| Out of Pocket Expenses | 0.75 | - |
| Communication Expenses | 47.54 | 40.92 |
| Professional consultancy | 533.70 | 459.40 |
| CSR Expenses | 21.61 | 138.86 |
| Miscellaneous Expenses | 402.59 | 317.89 |
| TOTAL | 7,985.04 | 6,458.08 |

NOTE 24 : TAX EXPENSES

| Particulars | ₹ in lakhs | |
|--|-------------------------------|-------------------------------|
| | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
| Current tax | 2,130.09 | 1,955.15 |
| Taxes on Earlier Years | (1.31) | 10.20 |
| Deferred (credit)/expenses | (61.22) | (95.04) |
| Deferred (credit)/expenses on other comprehensive income | 39.73 | (0.65) |
| TOTAL | 2,107.29 | 1,869.66 |

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS

25.1. Earnings per share (EPS) from continuing operations

| Particulars | ₹ in lakhs | |
|--|------------------------|------------------------|
| | For the Year 2022 – 23 | For the Year 2021 – 22 |
| Earnings | | |
| Profit for the period (₹ in lakhs) | 5883.21 | 5186.96 |
| Shares | | |
| Number of shares at the beginning of the period | 32050067 | 32050067 |
| Add: Shares issued during the period | - | - |
| Total number of equity shares outstanding at the end of the period | 32050067 | 32050067 |
| Weighted average number of equity shares outstanding during the period | 32050067 | 32050067 |
| Earnings per share of par value ₹ 5/- Basic (₹) | 18.36 | 16.18 |
| Earnings per share of par value ₹ 5/- Diluted (₹) | 18.36 | 16.18 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

25.2 Contingent Liabilities & Commitment

| Particulars | ₹ in lakhs | |
|--|------------------|------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| (A) Contingent Liabilities | | |
| a. Claims against the Company not acknowledged as debts: | | |
| (i) Service Tax liability for which appeals preferred by the Company is pending with CESTAT, Bangalore for the FY 2008-09 to 2011-12 up to December, 2011. | 68.55* | 68.55* |
| (ii) GST liability for which appeals preferred by the Company for the FY 2017-18 and 2018-19 | 4.59* | - |
| (iii) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2017-18. | 923.08* | 923.08* |
| (iv) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2018-19. | 5.14* | 5.14* |
| (v) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax Hyderabad for the AY 2020-21 | 38.24* | - |
| b. Income recognized against the Scrip Generation (under RodTEP scheme) and pending for generation of EBRC | 17.01 | - |
| (B) Commitments | | |
| (i) Bank guarantees | 1236.45 | 1401.43 |
| (ii) Estimated amount of liability on account of Capital Commitments | 4546.57 | 3181.55 |

* No provision is considered since the Company expects favorable decision and the above liability is excluding Interest and Penalty. The company has deposited 193.29 lakhs towards Income Tax liabilities which are classified under "Income Tax and other taxes" under Current Assets.

25.3. Employee Benefit Plans

AS per Indian Accounting Standard 19 – "Employee Benefits", the disclosures as defined are given below :

A) Defined Benefit Plan

A summary of the Gratuity & Leave Encashment plans are as follows

| Assumptions | Gratuity Plan | | Leave Encashment Plan | |
|---|---------------|---------|-----------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Discount Rate | 7.39 % | 7.16% | 7.39% | 7.16% |
| Rate of increase in Compensation levels | 2% p.a. | 2% p.a. | 2% p.a. | 2% p.a. |
| Rate of Return on Plan Assets | 7.39% | 7.16% | 0% | 0% |
| Expected Average remaining working lives of employees (years) | 24 yrs | 25 yrs | 24 yrs | 25 yrs |

| Changes in Present Value of Obligations | Gratuity Plan | | Leave Encashment Plan | |
|---|---------------|---------|-----------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Present Value of Obligation as at the beginning of the year | 482.35 | 430.82 | 149.50 | 126.46 |
| Interest Cost | 31.60 | 28.51 | 8.77 | 7.59 |
| Current Service Cost | 49.26 | 45.45 | 37.29 | 36.83 |
| Benefits paid | (81.36) | (23.14) | (53.96) | (30.97) |
| Actuarial (gain)/ loss on obligations | 28.05 | 0.71 | 19.70 | 9.58 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

| Changes in Present Value of Obligations | Gratuity Plan | | Leave Encashment Plan | |
|--|---------------|----------|-----------------------|----------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Present Value of Obligation as at the end of the year | 509.90 | 482.35 | 161.30 | 149.50 |
| Amount to be recognized in Balance Sheet | | | | |
| Present Value of Obligation as at the end of the year | 509.90 | 482.35 | 161.30 | 149.50 |
| Fair Value of Plan Assets as at the end of the year | 280.37 | 244.35 | - | - |
| Funded Status | (229.53) | (238.00) | (161.30) | (149.50) |
| Net Asset / (Liability) Recognized in Balance Sheet | (229.53) | (238.00) | (161.30) | (149.50) |
| Expenses Recognized in the Statement of Profit and Loss | | | | |
| Current Service Cost | 49.26 | 45.45 | 37.29 | 36.83 |
| Past Service Cost | - | - | - | - |
| Interest Cost | 31.60 | 28.51 | 8.77 | 7.59 |
| Expected Return on Plan Assets | (21.07) | - | - | - |
| Net actuarial (gain)/ loss recognized in the year | 31.74 | (2.93) | 19.70 | 9.58 |
| Expenses Recognized in the Statement of Profit & Loss | 91.53 | 71.03 | 65.76 | 54.01 |
| Fair Value of the Planned Assets at the beginning of the year | 244.35 | 213.85 | - | - |
| Employer's contribution | 100.00 | 50.00 | - | - |
| Interest on Planned Assets | 17.38 | 3.64 | - | - |
| Actual return on plan assets less interest on plan assets | - | - | - | - |
| Benefits paid | (81.36) | (23.14) | - | - |
| Asset acquired/(settled) | - | - | - | - |
| Present Value of Planned Assets at the end of the year | 280.37 | 244.35 | - | - |

Maturity Profile of defined benefit obligation (on an undiscounted basis) - Gratuity

₹ in lakhs

| Particulars | 2022-23 | 2021-22 |
|-----------------------|---------|---------|
| Within next 12 months | 9.69 | 68.81 |
| Between 2 and 5 years | 182.39 | 47.02 |
| Between 6 and 9 years | 209.20 | 133.22 |
| 10 years and above | 954.50 | 233.30 |

Rate of return for the plan asset

₹ in lakhs

| Particulars | 2022-23 | 2021-22 |
|--|---------|---------|
| Guaranteed Rate of Return | 7.30 | 6.85 |
| Discount Rate for remaining term to Maturity of Investment | 7.39 | 7.16 |
| Expected Rate of Return on Investment | 7.40 | 7.20 |

Sensitivity Analysis – Gratuity Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

₹ in lakhs

| Particulars | Gratuity Plan | | | |
|---|------------------|----------|------------------|----------|
| | As at 31.03.2023 | | As at 31.03.2022 | |
| | Decrease | Increase | Decrease | Increase |
| Change in Rate of discount (Delta effect of +/-1%) | 555.89 | 470.24 | 525.85 | 444.85 |
| Change in Rate of Salary Growth (Delta effect of +/-1%) | 460.93 | 567.37 | 436.86 | 535.66 |
| Change in Rate of Attrition (Delta effect of +/-1%) | 490.36 | 528.04 | 446.54 | 514.22 |
| Change in Mortality Rate (Delta effect of +/-10%) | 505.07 | 514.67 | 481.45 | 483.25 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

Sensitivity Analysis – Leave Encashment Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

₹ in lakhs

| Particulars | Leave Encashment Plan | | | |
|---|-----------------------|----------|------------------|----------|
| | As at 31.03.2023 | | As at 31.03.2022 | |
| | Decrease | Increase | Decrease | Increase |
| Change in Rate of discount (Delta effect of +/-1%) | 178.21 | 147.06 | 166.02 | 135.68 |
| Change in Rate of Salary Growth (Delta effect of +/-1%) | 141.44 | 161.30 | 130.11 | 173.26 |
| Change in Rate of Attrition (Delta effect of +/-1%) | 152.12 | 169.81 | 131.11 | 165.64 |
| Change in Mortality Rate (Delta effect of +/-10%) | 159.11 | 163.46 | 149.13 | 149.87 |

B) Defined Contribution Plan

Contribution to Defined Contribution plan, recognized as expense for the year is as under:

₹ in lakhs

| Description | 2022-23 | 2021-22 |
|---|---------------|---------------|
| Employer Contribution to ESI | 36.03 | 37.31 |
| Employer Contribution to PF | 294.94 | 280.73 |
| Employer Contribution to pension scheme | 27.55 | 28.49 |
| Labor welfare fund | 0.40 | 0.36 |
| Total | 358.92 | 346.89 |

25.4. Details of consumption of Raw Material

₹ in lakhs

| Description | For the Year 2022 – 23 | For the Year 2021 – 22 |
|--------------|------------------------|------------------------|
| Imported | 5748.52 | 10740.31 |
| Indigenous | 72394.71 | 58705.90 |
| TOTAL | 78143.23 | 69446.21 |

25.5. Stock and Turnover of Manufactured and Traded goods

₹ in lakhs

| Description | For the Year 2022-23 | | | For the Year 2021-22 | | |
|------------------|----------------------|----------------|----------------|----------------------|----------------|----------------|
| | Turnover | Closing | Opening | Turnover | Closing | Opening |
| | | Inventory | Inventory | | Inventory | Inventory |
| Sale of Products | 108786.77 | 4511.76 | 3670.97 | 94505.71 | 3670.97 | 4585.35 |
| Sale of Services | 689.43 | - | - | 489.61 | - | - |
| TOTAL | 109476.20 | 4511.76 | 3670.97 | 94995.32 | 3670.97 | 4585.35 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

25.6. Stock of Work in process

₹ in lakhs

| Description | As at 31.03.2023 | As at 31.03.2022 |
|--------------------------|---------------------|---------------------|
| Work/Material in process | 3669.33 | 4597.69 |
| TOTAL | 3669.33 | 4597.69 |

25.7. CIF Value of Imports

₹ in lakhs

| Particulars | For the Year 2022 – 23 | For the Year 2021 – 22 |
|-------------------|---------------------------|---------------------------|
| Capital goods | 5155.60 | 3122.48 |
| Raw Materials | 3313.18 | 12726.01 |
| Stores and Spares | 160.93 | 147.70 |
| TOTAL | 8629.71 | 15996.19 |

25.8. Earnings in Foreign Currency

₹ in lakhs

| Particulars | For the Year 2022 – 23 | For the Year 2021 – 22 |
|----------------------|---------------------------|---------------------------|
| FOB value of Exports | 37166.63 | 26480.31 |

25.9. Expenditure in Foreign Currency

₹ in lakhs

| Particulars | For the Year 2022 – 23 | For the Year 2021 – 22 |
|-----------------------|---------------------------|---------------------------|
| Travelling and others | 402.11 | 210.07 |
| Total | 402.11 | 210.07 |

25.10. Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- Details of investment made are given in Note 3A & 25.13
- There are no guarantees issued by your Group in accordance with section 186 of the Companies Act, 2013 read with rules issued there under

25.11. Segment Reporting

Segments are identified in line with Indian Accounting Standards (Ind AS) 108 "Operating Segments", taking into consideration the internal organization and management structure.

Operating Segments are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses its performance and for which discreet information is available.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

The operating segment of the Group is identified to be manufacturing of "Engineering Products of Iron and Steel" and the CODM reviews business performance at an overall Group level as one segment. Hence no separate disclosure is provided.

Information by Geographies:

In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

a) Revenue from External Customers:

₹ in lakhs

| Sl. No | Segment Revenue | For the Year 2022 – 23 | For the Year 2021 – 22 |
|--------|-----------------|---------------------------|---------------------------|
| a) | India | 74748.79 | 67412.97 |
| b) | Outside India | 37051.04 | 29611.96 |
| | TOTAL | 111799.83 | 97024.93 |

b) Assets:

₹ in lakhs

| Segment Assets | Carrying amount of Assets | |
|----------------|---------------------------|------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| India | 87332.95 | 83,080.53 |
| Outside India | 10462.65 | 12,576.36 |
| TOTAL | 97795.60 | 95,656.89 |

c) Revenue from Major Customers:

Details of single external customer from whom the Company receives more than 10% of the revenue:

Revenue from three customers of the Company, having more than 10% of the total revenue aggregating to 49934.28 lakhs (previous year 39234.95 lakhs).

25.12. Financial Instruments

(A) Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

₹ in lakhs

| Particulars | Fair value hierarchy | | | |
|----------------------------------|----------------------|------------------------------------|-------------------------------------|---------------------------------------|
| | Total | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
| | | Level 1 | Level 2 | Level 3 |
| 31-March-23 | | | | |
| Financial Asset | | | | |
| Investment in equity instruments | 1515.63 | 1.07 | 1514.52 | 0.04 |
| Security Deposits | 45.35 | - | - | 45.35 |
| Financial Liability | | | | |
| Borrowings | 28990.83 | - | - | 28990.83 |
| Total | 30551.81 | 1.07 | 1514.52 | 29036.22 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

| Particulars | Fair value hierarchy | | | |
|----------------------------------|----------------------|------------------------------------|-------------------------------------|---------------------------------------|
| | Total | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
| | | Level 1 | Level 2 | Level 3 |
| 31-March-22 | | | | |
| Financial Asset | | | | |
| Investment in equity instruments | 1,641.77 | 0.69 | 1,641.04 | 0.04 |
| Security Deposits | 39.39 | - | - | 39.39 |
| Financial Liability | | | | |
| Borrowings | 32,442.79 | - | - | 32,442.79 |
| Total | 34,123.95 | 0.69 | - | 32,482.22 |

(B) Financial Risk Management

The Company has exposure to the following risk:

Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations leading to a financial loss. The Company is exposed to credit risk arising from its operating (primarily trade receivables) and investing activities including deposits placed with banks, financial institutions and other corporate deposits. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non-performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the Company is certain about the non-recovery.

Liquidity Risk:

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

Market Risk:

Market risk is the risk that the fair value of the future cash flows will fluctuate because of changes in the market prices.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

25.13. Related party disclosures

A. List of Related parties:

I Wholly Owned Subsidiary

- (i) Pitti Rail and Engineering Components Limited

II Entity having significant influence over the entity

- (i) Pitti Electrical Equipment Private Limited

III Key Management Personnel

Executive Promoter Directors

- (i) Shri Sharad B Pitti, Chairman & Managing Director
- (ii) Shri Akshay S Pitti, Vice Chairman & Managing Director (Interim CFO from 13.04.2022 to 11.11.2022)

Independent & Non-Executive Directors

- (iii) Shri S. Thiagarajan, Independent Director
- (iv) Shri N.R. Ganti, Independent Director
- (v) Shri G. Vijaya Kumar, Independent Director
- (vi) Shri M. Gopalakrishna, Independent Director
- (vii) Ms. Gayathri Ramachandran, Independent Director
- (viii) Shri DV Aditya, Independent Director (10-08-2022 to 21-10-2022)

Others

- (ix) Shri N. K. Khandelwal, President Corporate Resources & CFO (till 13.04.2022)
- (x) Shri M. Pavan Kumar, Chief Financial Officer (from 12.11.2022)
- (xi) Ms. Mary Monica Braganza, Company Secretary

IV Other Related Parties with whom transactions have taken place during the year

The Enterprise over which KMP or relative of KMP having significant influence

- (i) Pitti Castings Private Limited
- (ii) Pitti Trade and Investments Private Limited

The Relative of Executive Promoter Directors

- (iii) Smt Madhuri S Pitti
- (iv) Smt Radhika A Pitti
- (v) Sharad B Pitti (HUF)

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

A. Transactions/balances outstanding with related parties:

For the Financial Year 2022-23

₹ in lakhs

| Sl. No | Transactions / Outstanding balances | Entity having significant influence over the entity | Key Management Personnel | Other related parties | Total |
|--------|-------------------------------------|---|--------------------------|-----------------------|---------|
| 1 | Remuneration | - | 247.70 | 15.21 | 262.91 |
| 2 | Rent / Lease Expenses | - | 104.16 | 194.57 | 298.73 |
| 3 | Rent / Lease Income | - | - | 1.65 | 1.65 |
| 4 | Purchases of goods & services | 836.18 | - | 7830.78 | 8666.96 |
| 5 | Sales of goods & services | - | - | 1330.96 | 1330.96 |
| 6 | Unsecured Loan - received | - | 2700.00 | - | 2700.00 |
| 7 | Unsecured Loan – repaid | - | 5210.00 | - | 5210.00 |
| 8 | Inter Corporate Deposits – received | 5575.00 | - | - | 5575.00 |
| 9 | Inter Corporate Deposits – repaid | 3065.00 | - | - | 3065.00 |
| 10 | Interest paid | 145.20 | 144.14 | - | 289.34 |
| 11 | Dividend paid | 203.21 | 201.63 | 41.73 | 446.57 |
| 12 | Amount payable at the year end | 3194.98 | 18.46 | 520.67 | 3734.11 |
| 13 | Amount receivable at the year end | - | 20.21 | 619.89 | 640.10 |
| 14 | Investments at the year end | - | - | 1514.52 | 1514.52 |

For the Financial Year 2021-22

₹ in lakhs

| Sl. No | Transactions / Outstanding balances | Entity having significant influence over the entity | Key Management Personnel | Other related parties | Total |
|--------|-------------------------------------|---|--------------------------|-----------------------|---------|
| 1 | Remuneration | - | 306.48 | 15.25 | 321.73 |
| 2 | Rent / Lease Expenses | - | 97.90 | 185.30 | 283.20 |
| 3 | Rent / Lease Income | - | - | 1.58 | 1.58 |
| 4 | Purchases of goods & services | 38.48 | - | 9769.64 | 9808.12 |
| 5 | Sales of goods & services | - | - | 1191.87 | 1191.87 |
| 6 | Unsecured Loan - received | - | 2730.00 | - | 2730.00 |
| 7 | Unsecured Loan – repaid | - | 2730.00 | - | 2730.00 |
| 8 | Inter Corporate Deposits – received | 70.00 | - | - | 70.00 |
| 9 | Inter Corporate Deposits – repaid | 70.00 | - | - | 70.00 |
| 10 | Interest paid | 0.08 | 308.20 | - | 308.28 |
| 11 | Dividend paid | 101.60 | 101.64 | 20.86 | 224.08 |
| 12 | Amount payable at the year end | - | 2536.17 | 1960.43 | 4496.61 |
| 13 | Amount receivable at the year end | - | 20.21 | 323.67 | 343.88 |
| 14 | Investments at the year end | - | - | 1646.00 | 1641.00 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

B. Disclosure pursuant to regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Transaction with Promoter / Promoter Group holding more than 10% of equity share capital of the Company

₹ in lakhs

| Sl. No. | Particulars | For the Year 2022-23 | For the Year 2021-22 |
|----------|--|----------------------|----------------------|
| 1 | Shri Sharad B Pitti | | |
| - | Remuneration | 98.78 | 98.78 |
| - | Lease Rental | 104.16 | 97.90 |
| - | Dividend | 102.22 | 51.11 |
| - | Amount Payable at the year end | 5.57 | 15.70 |
| - | Amount Receivable at the year end (Rent deposit) | 20.21 | 20.21 |
| 2 | Shri Akshay S Pitti | | |
| - | Remuneration | 98.78 | 98.78 |
| - | Dividend | 99.37 | 49.68 |
| - | Interest on Unsecured Loans | 144.14 | 308.20 |
| - | Unsecured Loans Received | 2,700.00 | 2,730.00 |
| - | Unsecured Loans Repaid | 5,210.00 | 2,730.00 |
| - | Amount Payable at the year end | 5.22 | 2,514.66 |
| 3 | Pitti Electrical Equipment Pvt Ltd | | |
| - | Interest on Inter Corporate Deposits | 145.20 | 0.08 |
| - | Purchase of Goods | 836.18 | 38.48 |
| - | Dividend | 203.21 | 101.60 |
| - | Intercompany Deposits Received | 5575.00 | 70.00 |
| - | Intercompany Deposits Repaid | 3065.00 | 70.00 |
| - | Amount Payable at the year end | 3194.98 | - |

25.14. Deferred Tax

₹ in lakhs

| Sl. No. | Particulars | Deferred Tax (Liability)/ Asset as at 01.04.2022 | Statement of Profit & Loss | Other Comprehensive Income | Deferred Tax (Liability)/ Asset as at 31.03.2023 |
|---------|---|--|----------------------------|----------------------------|--|
| 1 | Difference between Depreciation as per Co's Act. & as per IT Act. | (1958.59) | 34.50 | - | (1924.09) |
| 2 | Others | 1046.29 | (13.01) | 39.73 | 1073.01 |
| | Deferred Tax Net | (912.30) | 21.49 | 39.73 | (851.08) |

25.15. The Group has provided for cess as specified in section 441 A of the Companies Act, 1956 and in the absence of any notification by the Central Govt. the Group could not deposit the same with the appropriate authority.

25.16. The assessment for impairment of assets has taken place at the end of reporting period as per guidelines laid down in Ind AS 36, 'Impairment of assets'. For the assets having recoverable amount less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

25.17. Micro, Small and Medium Enterprises Development Act, 2006

Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) is given below:

| Sl. No. | Description | ₹ in lakhs | |
|---------|--|--------------|--------------|
| | | Year 2022-23 | Year 2021-22 |
| 1 | Principal amounts due to suppliers under MSMED | 136.05 | 131.73 |
| 2 | Interest accrued and due to suppliers covered under MSMED on the above amount, unpaid | - | - |
| 3 | Payment made to suppliers (with Interest) beyond the appointed day during the year. | - | - |
| 4 | Interest paid to suppliers covered under MSMED | - | - |
| 5 | Interest due & Payable to suppliers covered under MSMED Act., towards payments already made. | - | - |

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with Group.

25.18. Additional Information as required by paragraph 2 of the general Instructions for preparation of consolidated Statements to Schedule III to the Companies Act, 2013

| Particulars | As at 31st March 2023 | | Year Ended 31st March 2023 | | | | | |
|---|---|-----------------|---------------------------------------|----------------|--------------------------------------|-----------------|--------------------------------------|----------------|
| | Net Assets i.e Total Assets minus Total Liabilities | | Share in Profit or Loss | | Share in other comprehensive income | | Share of total comprehensive income | |
| | As a % of Consolidated net assets | Amt | As a % of Consolidated profit or Loss | Amt | As a % of other comprehensive income | Amt | As a % of total comprehensive income | Amt |
| Parent | | | | | | | | |
| Pitti Engineering Limited | 100% | 33408.67 | 100% | 5883.00 | 100% | (118.12) | 100% | 5764.88 |
| Subsidiary | | | | | | | | |
| Pitti Rail & Engineering Components Limited | 0% | (0.16) | 100% | 0.21 | - | - | 100% | 0.21 |
| Total Elimination | 0% | 5.00 | - | - | - | - | - | - |
| Total | 100% | 33403.51 | 100% | 5883.21 | 100% | (118.12) | 100% | 5765.09 |

₹ in lakhs

| Particulars | As at 31st March 2022 | | Year Ended 31st March 2022 | | | | | |
|---|---|-----------------|---------------------------------------|----------------|--------------------------------------|-------------|--------------------------------------|----------------|
| | Net Assets i.e Total Assets minus Total Liabilities | | Share in Profit or Loss | | Share in other comprehensive income | | Share of total comprehensive income | |
| | As a % of Consolidated net assets | Amt | As a % of Consolidated profit or Loss | Amt | As a % of other comprehensive income | Amt | As a % of total comprehensive income | Amt |
| Parent | | | | | | | | |
| Pitti Engineering Limited | 100% | 28396.97 | 100% | 5190.11 | 100% | 1.95 | 100% | 5192.06 |
| Subsidiary | | | | | | | | |
| Pitti Rail & Engineering Components Limited | 0% | (0.37) | 100% | (3.15) | - | - | 100% | (3.15) |
| Total Elimination | 0% | 5.00 | 0% | - | 0% | - | 0% | - |
| Total | 100% | 28391.60 | 100% | 5186.96 | 100% | 1.95 | 100% | 5188.91 |

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

25.19. Right of Use of Assets

For the Financial Year 2022-23

| Particulars | Category of ROU Assets | | | | | Total |
|---|------------------------|----------------|-------------------|--------------|-----------|----------------|
| | Land | Building | Plant & Machinery | Vehicles | Computers | |
| Balance as on 1st April 2022 | 174.05 | 2229.48 | 5832.00 | 64.57 | - | 8300.10 |
| Reclassified on account of adoption of Ind AS 116 | - | - | - | - | - | - |
| Additions/Adjustments | - | - | 1064.77 | - | - | 1064.77 |
| Deletions/Adjustments | - | 16.13 | 997.77 | - | - | 1013.90 |
| Depreciation | 17.88 | 156.55 | 723.97 | 24.05 | - | 922.45 |
| Balance as on 31st March 2023 | 156.17 | 2056.80 | 5175.03 | 40.52 | - | 7428.52 |

₹ in lakhs

For the Financial Year 2021-22

| Particulars | Category of ROU Assets | | | | | Total |
|---|------------------------|----------------|-------------------|--------------|-----------|----------------|
| | Land | Building | Plant & Machinery | Vehicles | Computers | |
| Balance as on 1st April 2021 | 191.93 | 2050.37 | 5090.85 | 79.40 | - | 7412.55 |
| Reclassified on account of adoption of Ind AS 116 | - | - | - | - | - | - |
| Additions/Adjustments | - | 330.30 | 1367.80 | 9.07 | - | 1707.17 |
| Deletions/Adjustments | - | - | - | - | - | - |
| Depreciation | 17.88 | 151.19 | 626.65 | 23.90 | - | 819.62 |
| Balance as on 31st March 2022 | 174.05 | 2229.48 | 5832.00 | 64.57 | - | 8300.10 |

₹ in lakhs

25.20. Letters have been written for confirmation of Trade Receivables and Trade Payables pertaining to debtors and creditors and reply from certain parties are awaited.

25.21. Financial and Derivative Instruments:

| Description | ₹ in lakhs | |
|-------------------|------------------|------------------|
| | As at 31.03.2023 | As at 31.03.2022 |
| Forward Contracts | 9744.75 | 7071.55 |

All financial and forward contracts entered into by the Group are for hedging purpose only.

25.22. Statutory Auditor's Remuneration

| Sl. No. | Description | ₹ in lakhs | |
|---------|-------------------------------------|--------------|--------------|
| | | Year 2022-23 | Year 2021-22 |
| 1 | Statutory Audit | 15.25 | 13.45 |
| 2 | Tax Audit | 5.25 | 5.25 |
| 3 | Certification fee / Taxation matter | 15.00 | 22.25 |
| 4 | Out of Pocket Expenses | 0.75 | - |

25.23. The previous year figures have been regrouped / rearranged to the extent necessary to conform with the current period's classification. All the numbers have been rounded off to the nearest lakh.

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

25.24. Key Ratios

| S. no | Particulars | Numerator | Denominator | 31.03.2023 | 31.03.2022 | Variance | Reason for variance more than 25% |
|-------|---|-------------------------------------|------------------------|------------|------------|----------|-----------------------------------|
| 1. | Current Ratio (in times) | Current assets | Current liabilities | 1.20 | 1.19 | 0.84% | |
| 2. | Debt- Equity Ratio (in times) | Debt * | Equity | 0.87 | 1.04 | (16.35)% | |
| 3. | Debt Service Coverage Ratio (in times) | Earnings available for debt service | Interest | 3.60 | 2.81 | 28.11% | Note 1(a) |
| 4. | Return on Equity (in%) | Profit after tax | Shareholder equity | 19.04% | 19.97% | (0.93)% | |
| 5. | Inventory Turnover Ratio (in times) | Sales | Average Inventory | 4.30 | 4.44 | (3.15)% | |
| 6. | Trade Receivables Turnover Ratio (in times) | Net sales | Average Receivables | 5.70 | 5.07 | 12.43% | |
| 7. | Trade Payables Turnover ratio (in times) | Net Purchase | Average payables | 3.40 | 5.16 | (34.11)% | Note 1(b) |
| 8. | Net Capital turnover ratio (in times) | Net sales | Working Capital | 12.10 | 10.03 | 20.64% | |
| 9. | Net Profit Ratio (in %) | Net profit | Net sales | 5.24% | 5.44% | (0.20)% | |
| 10. | Return on capital employed (in%) | Earnings before interest and taxes | Capital employed | 17.10% | 15.60% | 1.50% | |
| 11. | Return on Investments (in%) | Earnings from invested funds | Average invested funds | Nil | Nil | - | |

* Debt excludes lease liabilities. Return on Investments (in%)

Note1:

- Increased earnings on account of overall business growth.
- Due to improvement in credit period by vendors, the payable outstanding has increased and it is favorable.

Definitions:

- Current Assets = Total Current Assets as per Balance Sheet
- Current Liabilities = Total Current Liabilities as per Balance Sheet
- Debt = Long term and short-term borrowings as per Note 10A and Note 13A respectively of the Balance Sheet
- Equity/Shareholder Equity = Total Equity as per Balance Sheet
- EBDIT = Profit Before Tax + Depreciation + Interest on Term Loans + Interest on working capital borrowings
- Interest = Total Interest cost on Borrowings (Term Loans and Working Capital Borrowings)
- Average Inventory = (Opening Inventory + Closing Inventory)/2
- Average Receivables = (Opening Receivables + Closing Receivables)/2
- Average Payables = (Opening Payables + Closing Payables)/2
- Working Capital = Current Assets – Current Liabilities
- Capital Employed = Total Assets- Current Liabilities

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

- Earnings from Investor Funds = Earnings from Investments
- Average Investment Funds = (Opening Investments + Closing Investments)/2

25.25 Other Statutory Information

- The Group does not have any Benami property where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.
- The Group has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- The Group does not have any transactions with companies struck off.
- The Group does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- The Group has complied with the requirements of the number of layers prescribed under clause (87) of section 2 of the Companies (Restriction on number of Layers) Rules 2017.
- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies) including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - Provide any guarantee security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group has not received any fund from any person(s) or entity(ies) including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - Provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.
- The Group has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961 (such as search or survey or any other relevant provisions of the Income Tax Act 1961).
- Corporate Social Responsibility (CSR) :

| Sl. No. | Description | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---------|--|-------------------------------|-------------------------------|
| a. | Amount required to be spent by the Company during the year as per section 135 of the Companies Act, 2013 | 90.39 | 69.38 |
| b. | Less : Excess incurred during the fy.2021-22 | (69.48) | - |
| c. | Net amount should be incurred for the fy.2022-23 | 20.91 | 69.38 |
| d. | Amount of expenditure incurred | 21.61 | 138.86 |
| e. | (Excess)/Shortfall at the end of the year | (0.70) | (69.48) |
| f. | Total of previous years shortfall | - | - |
| g. | Reason for shortfall | - | - |

₹ in lakhs

Consolidated Notes to Financial Statements

for the year ended 31st March 2023

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

| Sl. No. | Description | For the Year ended 31.03.2023 | For the Year ended 31.03.2022 |
|---------|---|---|---|
| h. | Nature of CSR Activities | 1) Promotion of Health Care 2) Restoration of Sites of Historical Importance 3) Education | 1) Promotion of Health Care 2) Restoration of Sites of Historical Importance |
| i. | Details of related party transactions, e.g., contribution to a trust controlled by the company | Nil | Nil |
| j. | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately | Nil | Nil |

(xi) The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**

Chartered Accountants
Firm's Registration
Number: 110758W/W100377

Sharad B Pitti

Chairman & Managing Director
DIN:00078716

Akshay S Pitti

Vice-Chairman &
Managing Director
DIN:00078760

Amit Shah

Partner
M. No:122131

NR Ganti

Director
DIN:00021592

M Pavan Kumar

Chief Financial
Officer
M. No: 216936

Mary Monica Braganza

Company Secretary &
Compliance Officer
M. No:F5532

Place: Hyderabad

Date : 29th May 2023

Place: Hyderabad

Date : 29th May 2023

Form No. AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient feature of the financial statement of subsidiaries / associate companies/ joint ventures

PART-A: Subsidiaries

₹ in lakhs

| Sl. No. | Particulars | Details |
|---------|---|---|
| 1. | Name of the subsidiary | Pitti Rail and Engineering Components Limited (Wholly Owned Subsidiary) |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA |
| 3. | Date of acquiring subsidiary | 5th October 2020 |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | NA |
| 5. | Share capital | 5.00 |
| 6. | Reserves & surplus | (5.16) |
| 7. | Total Assets | 0.10 |
| 8. | Total Liabilities | 0.10 |
| 9. | Investments | Nil |
| 10. | Turnover | Nil |
| 11. | Profit before taxation | 0.64 |
| 12. | Provision for taxation | 0.43 |
| 13. | Profit after taxation | 0.21 |
| 14. | Proposed Dividend | Nil |
| 15. | % of shareholding | 100% |

Note: The Wholly Owned Subsidiary is yet to commence its commercial operations.

PART – B: Associate Companies / Joint Ventures: Not Applicable

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

For **Talati & Talati LLP**

Chartered Accountants
Firm's Registration
Number: 110758W/W100377

Sharad B Pitti

Chairman & Managing Director
DIN:00078716

Akshay S Pitti

Vice-Chairman &
Managing Director
DIN:00078760

Amit Shah

Partner
M. No:122131

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M Pavan Kumar

Chief Financial
Officer
M. No: 216936

Mary Monica Braganza

Company Secretary &
Compliance Officer
M. No:F5532

Place: Hyderabad

Date : 29th May 2023

Place: Hyderabad

Date : 29th May 2023

Notice

Notice is hereby given that the 39th Annual General Meeting of Pitti Engineering Limited will be held on Friday, 18th August 2023 at 4.00 P.M IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

Ordinary Business:

1. To receive, consider and adopt:

- a) the audited financial statements of the Company for the financial year ended 31st March 2023 and the reports of the Board of Directors and Auditors thereon and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT the audited financial statements of the Company for the financial year ended 31st March 2023 and the reports of the Board of Directors and Auditors thereon as circulated to the Members, be and are hereby considered and adopted."

- b) the audited consolidated financial statements of the Company for the financial year ended 31st March 2023 and the report of the Auditors thereon and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended 31st March 2023 and the report of the Auditors thereon as circulated to the Members, be and are hereby considered and adopted."

2. To confirm the payment of interim dividend and to declare a final dividend on equity shares of the Company for the year ended 31st March 2023 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT the interim dividend of ₹ 1.50/- (30%) per equity share of face value ₹ 5/- each fully paid-up of the Company for the financial year 2022-23 approved by the Board of Directors and already paid be and is hereby confirmed.

RESOLVED FURTHER THAT the final dividend of ₹ 1.20/- (24%) per equity share of face value ₹5/- each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended 31st March 2023 and the same be paid out of the profits of the Company."

3. To appoint a Director in place of Shri Sharad B Pitti (DIN:00078716), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Sharad B Pitti (DIN:00078716) who retires by rotation at this meeting and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

Special Business:

4. To ratify the payment of remuneration to the Cost Auditors for the financial year 2023-24 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, as amended from time to time, the remuneration payable to M/s. S S Zanwar & Associates, Cost Accountants (Firm Registration No.100283), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March 2024 amounting to ₹ 2,75,000/- (Rupees two lakhs seventy five thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the audit, be and is hereby ratified."

By order of the Board
For Pitti Engineering Limited

Mary Monica Braganza

Company Secretary & Compliance Officer
FCS:5532

Place: Hyderabad

Date: 29th May 2023

Notes:

- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") relating to the Special Business to be transacted at the AGM is annexed hereto. Details of Directors retiring by rotation is provided in the "Annexure" to the Notice.
- The Ministry of Corporate Affairs ("MCA") has, vide its circular dated 28th December 2022, read together

with circulars dated 8th April 2020, 13th April 2020, 5th May 2020, 13th January 2021, 14th December 2021 and 5th May 2022 (collectively referred to as "MCA Circulars"), permitted convening the AGM through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the members at a common venue. In accordance with the MCA Circulars and applicable provisions of the Act read with Rules made thereunder and the SEBI Listing Regulations, the AGM of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM. Further, SEBI vide its circulars dated 12th May 2020, 15th January 2021, 13th May 2022 and 5th January 2023 (SEBI Circulars) and other applicable circulars issued in this regard, have provided relaxations from compliance with certain provisions of the SEBI Listing Regulations.

- In compliance with the aforesaid Circulars issued by MCA and SEBI, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories/RTA. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website www.pitti.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.
- Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with XL Softech Systems Limited in case the shares are held by them in physical form.
- Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to MCA and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment

of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

- Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in accompanying notice are open for inspection by the members at the Registered office of the Company on all working days between 11.00 A.M and 1.00 P.M and will also be available for electronic inspection by the members from the date of circulation of this Notice up to the date of this AGM. Members seeking to inspect such documents can send an e-mail to shares@pitti.in.
- Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 16th August 2023 through email on shares@pitti.in. The same will be replied by the Company suitably.
- The register of members and share transfer books of the Company will remain closed from Saturday, 12th August 2023 to Friday, 18th August 2023 (both days inclusive) for determining the entitlement of the shareholders for the final dividend for the financial year ended 31st March 2023 and for annual book closure.
- Members are requested to:
 - Intimate/update changes, if any, in their postal address, email address, mobile number, PAN, nominations, power of attorney, bank details such as name of the bank and branch, bank account number, IFS code etc, to the Registrar and Transfer Agent of the Company in case of shares held in physical form and to their Depository Participants in case the shares are held by them in dematerialized form.

- Submit the following mandated forms along with requisite supporting documents while making their request for change/ updation. The said forms are also available on the website of the Company at www.pitti.in.

| Sl. No. | Particulars | Form |
|---------|--|-------|
| 1. | Registration of PAN, postal address, e-mail address, mobile number, Bank Account Details or changes / updation thereof | ISR-1 |
| 2. | Confirmation of Signature of shareholder by the Banker | ISR-2 |
| 3. | Registration of Nomination | SH-13 |
| 4. | Cancellation or Variation of Nomination | SH-14 |
| 5. | Declaration to opt out of Nomination | ISR-3 |
| 6. | Service requests for issue of duplicate securities, certificates, claim from unclaimed suspense account, renewal/ exchange of securities certificate | ISR-4 |

c) SEBI vide Circular No.SEBI/HO/MIRSD/MIRSDPoD-1/P/ CIR/2023/37 dated 16th March 2023 has mandated all shareholders holding shares in physical mode to furnish PAN, nomination, contact details, bank account details and specimen signature for their corresponding folio numbers on or before 1st October 2023. In case the shareholders do not update their PAN, KYC details and nomination, the Registrar and Transfer agent (RTA) of the Company shall

- (1) freeze the folio for lodging any grievance / service request or for paying dividend in physical mode on 1st October 2023
- (2) the securities in the frozen folio shall be referred by the RTA to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31st December 2025.

In view of the above, members are requested to submit their PAN, KYC and nomination details to the Company's registrars XL Softech Systems Limited. The forms for updation of PAN, KYC, bank details and nomination viz., Forms ISR-1, ISR-2, ISR-3, SH-13 are available on our website https://www.pitti.in/investor_desk/investors_si_f_srf.phpaspx.

Members holding shares in electronic form are requested to submit their PAN to their depository participant(s).

11. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
12. Instructions for e-voting and joining the AGM are as follows:

Voting Through Electronic Means

i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.

- ii. The remote e-voting period commences on Tuesday, 15th August 2023 (9:00 a.m. IST) and ends on Thursday, 17th August 2023 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday 11th August 2023 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- iii. The Board of Directors has appointed Shri Ajay Kishen (Membership No.6298, CP 5146) Practicing Company Secretary as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.com. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of individual shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for individual shareholders holding securities in demat mode".

The details of the process and manner for remote e-voting are explained herein below:

Step 1: Access to NSDL e-voting system

Step 2: Cast your vote electronically and join virtual meeting on NSDL e-voting system

Details on Step 1 are mentioned below:

A. Login method for remote e-voting and joining virtual meeting for individual shareholders holding securities in demat mode.

As per SEBI circular on e-voting facility provided by listed entities, dated 9th December 2020, all "individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The procedure to login and access e-voting, as implemented by the Depositories / Depository Participant(s), is given below

| NSDL | CDSL |
|---|---|
| <p>1. Users already registered for IDeAS e-Services facility of NSDL may follow the following procedure:</p> <ol style="list-style-type: none"> i. Visit URL: https://eservices.nsdl.com ii. Click on the button "Beneficial Owner" available for login under 'IDeAS' section. iii. A new page will open, enter User ID and Password for accessing IDeAS. After successful authentication, click on "Access to e-voting" under Value Added Services on the panel available on the left hand side. Click on "Access to e-voting" under e-voting services. iv. Click on the Company name or e-voting service provider i.e NSDL and you will be re-directed to the e-voting website of NSDL for casting your vote during the remote e-voting period. <p>2. Users not registered for IDeAS e-Services facility of NSDL may follow the following procedure:</p> <ol style="list-style-type: none"> i. To register click on the link: https://eservices.nsdl.com ii. Select "Register Online for IDeAS" or click on the link: https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp iii. Click on the icon "Login" which is available under 'Shareholder/Member' section. iv. A new page will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. v. After successful registration, please follow Point No. 1 above to cast your vote. <p>3. Shareholders can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> | <p>1. Users already registered for Easi / Easiest facility of CDSL may follow the following procedure:</p> <ol style="list-style-type: none"> i. Visit URL: https://web.cdslindia.com/myeasitoken/home/login or https://www.cdslindia.com/ and click on login and then on New System Myeasi. ii. Click on "New System Myeasi" icon/ Login to Myeasi option under Quick Login iii. Login with your Registered User ID and Password. iv. After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. <p>1. Users not registered for Easi/Easiest facility of CDSL may follow the following procedure:</p> <ol style="list-style-type: none"> i. To register click on the link: https://web.cdslindia.com/myeasinew/Registration/EasiRegistration ii. After successful registration, please follow Point No. 1 above to cast your vote. <p>3. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & e-mail as recorded in the demat Account. After successful authentication, user will be provided links for the respective e-Voting service provider i.e. NSDL where the e-Voting is in progress.</p> |

NSDL Mobile App is available on

App Store Google Play



Login Method for Individual Members holding Shares of the Company in Demat mode through their Depository Participants:

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.

Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022-48867000 and 022-24997000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33 |

B. Login method for e-voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-voting website?

- Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a personal computer or on a mobile.
- Once the home page of e-voting system is launched, click on the icon 'Login' which is available under "Shareholders/Member" section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
- Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.
- Your User ID details are given below:

| Manner of holding | Your User ID is |
|--|--|
| A] For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12***** |
| B] For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12***** |
| C] For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the Company For example, if EVEN is 123456 and folio number is 001 *** then user ID is 123456001*** |

6. Password details for shareholders other than individual Shareholders are given below:

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?

i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your User ID' and your 'initial password'.

ii. In case you have not registered your email address with the Company/ Depository, please follow instructions.

Process for those shareholders whose email ids are not registered with the depositories / Company for procuring User ID and password and registration of email IDs for e-voting for the resolutions set out in this notice.

- In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to shares@pitti.in.
- In case shares are held in demat mode, please provide DPID—Client ID (16 digit DPID + Client ID or 16 digit beneficiary ID) Name, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to shares@pitti.in. If you

are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.

c) Alternatively shareholder / members may send an e-mail request to evoting@nsdl.co.in for procuring User ID and password for e-voting by providing above mentioned documents.

7. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

a) Click on "Forgot User Details/ Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, click on Agree to Terms and Conditions" by selecting on the check box.

9. Now, you will have to click on "Login" button.

10. After you click on the "Login" button, Home page of e-voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General meeting is in active status.

2. Select "EVEN" of the Company, for which you wish to cast your vote during the remote e-voting period and casting your vote during the Annual General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-voting as the Voting page opens.
 4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 5. Upon confirmation, the message "Vote cast successfully" will be displayed.
 6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
 3. Members who have voted through remote e-voting will be eligible to attend the AGM through VC / OAVM. However, they will not be eligible to vote at the AGM.
 4. The contact details for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

Instructions for members for attending the AGM through VC/ OAVM are as under

1. Institutional/Corporate shareholders [i.e. other than individuals, HUF, NRI, etc.] are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by email to ajaykishen2021@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc) can also upload their Board Resolution / Power of Attorney / Authority letter etc by clicking on "Upload Board Resolution / Authority letter" displayed under "e-Voting" tab in their login.
 2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on <https://www.evoting.nsdl.com> to reset the password.
 3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 022-48867000 and 022-24997000 or send a request at evoting@nsdl.co.in.
- a) Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
 - b) Members are encouraged to join the Meeting through Laptops for better experience.
 - c) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - d) Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter placed at the 39th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address at shares@pitti.in before 3:00 p.m. (IST on 16th August 2023). Such questions by the Members shall be suitably replied by the Company.
 - e) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their

General Guidelines for shareholders

The instructions for members for e-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at shares@pitti.in from 12th August 2023 (9:00 a.m. (IST) to 15th August 2023 (3:00 p.m. (IST)). Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Other Instructions

1. The Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting and e-voting on the date of the AGM and make, not later than 2 working days of the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or any person authorized by him in writing and the Results shall be declared by the Chairman or any person authorized by him thereafter.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.pitti.in and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

13. Dividend Related Information

Subject to approval of the Members at the AGM, the final dividend will be paid within 30 days from the conclusion of the AGM, to the Members whose names appear on the Company's Register of Members as on 11th August 2023 and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / at par cheques will be despatched to the registered address of the Members who have not updated their bank account details.

Members are requested to register / update their complete bank details with their Depository participant(s) with which they maintain their demat accounts, if shares are held in dematerialised mode, by submitting forms and documents as may be required by the Depository Participant(s) and the process to be followed for updation of bank details, if shares are held in physical mode, is given in Note No.10 in this Notice.

Tax Deductible at Source (TDS) / Withholding tax

In terms of the provisions of the Income-tax Act, 1961, ("the Act"), dividend paid or distributed by a Company on or after 1st April 2020 is taxable in the hands of the shareholders. Accordingly, the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The TDS / withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Company / XL Softech Systems Limited (RTA).

A. For resident shareholders

Tax will be deducted at source ("TDS") under Section 194 of the Act at 10% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during financial year does not exceed 5,000/-.

Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Blank Form 15G and 15H can be downloaded from the Company website at www.pitti.in. Please note that all fields mentioned in the Form are mandatory and Company may reject the forms submitted, if it does not fulfil the requirement of law.

Needless to mention, valid Permanent Account Number ("PAN") will be mandatorily required. Shareholders who do not have PAN or whose PAN is invalid due to not being linked with Aadhar, TDS would be deducted at higher rates u/s 206AA of the Act.

NIL / lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (as per format available on the company website at www.pitti.in) as listed below:

- i. Insurance companies: Declaration by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;
- ii. Mutual Funds: Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income-tax Act, 1961 along with self-attested copies of registration documents and PAN card;

- iii. Alternative Investment Fund (AIF) established in India: Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided.
- iv. New Pension System Trust: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- v. Other shareholders – Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- vi. Shareholders who have provided a valid certificate issued u/s. 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

B. For non-resident shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors)

Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. In case non resident shareholders provide a certificate issued under section 197/195 of the Act, for lower / NIL withholding taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (“DTAA”) between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities; In case PAN is not available, the non resident shareholder shall furnish (a) name, (b) e-mail ID, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country.
- ii. Self-attested copy of Tax Residency Certificate (“TRC”) obtained from the tax authorities of the

country of which the shareholder is resident;

- iii. Form 10F and its acknowledgement submitted online on income tax website;
- iv. Self-declaration by the non-resident shareholder specifically addressed to the Company of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non-resident having PE in India would need to comply with provisions of section 206AB of the Act).
- v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.
- vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

The self-declarations referred to above can be downloaded from the website of the Company www.pitti.in under Investor Desk section.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders and meeting requirement of Act read with applicable tax treaty. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rates at the time of tax deduction on dividend amounts.

Note: The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents through their respective custodian who is registered on NSDL platform, on or before the aforesaid timelines.

Section 206AB of the Act

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from 1 July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is

required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term ‘specified person’ is defined in sub section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Income Tax Act has expired; and
- The aggregate of TDS and TCS in his case is 50,000 or more in each of the previous year.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

The Company will use the mechanism prescribed by Income tax department to verify if a shareholder is a ‘specified person’ under section 206AB of the Income Tax Act and basis the result provided, the Company will apply higher rates under section 206AB of the Income Tax Act on those shareholders who are covered as ‘specified person’ under section 206AB of the Act.

Section 139AA of the Act

Further, as per Section 139AA of the Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply to this, from 1st July 2023, the PAN allotted shall be deemed to be invalid/ inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 206AA of the Act. The Company will be using functionality of the Income-tax department for the above

purpose. Shareholders may visit <https://www.incometax.gov.in/iec/foportal/> for FAQ issued by Government on PAN Aadhar linking.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than 18th August 2023.

To summarise, dividend will be paid after deducting the tax at source as under:

- i. NIL for resident shareholders receiving dividend upto 5000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- ii. 10% for other resident shareholders in case copy of PAN card is provided/available.
- iii. NIL / lower withholding tax rate for resident shareholders on submission of self-attested copy of the certificate issued under section 197 of the Act.
- iv. 20% for resident shareholders if copy of PAN card is not provided / not available / non filers of return of income.
- v. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- vi. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- vii. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under section 197/195 of the Act.

Aforesaid rates will be subject to applicability of section 206AB of the Act.

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed by the Rules on or before 18th August 2023. The Company will not accept any declarations referred to Rule 37BA of Income Tax Rules, 1962 on or after 18th August 2023.

In case tax on dividend is deducted at a higher

rate in the absence of receipt or defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted.

Other Information

- For shareholders having multiple accounts under different status / category Shareholders holding equity shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to status in which shares are held under a PAN will be considered on their entire holding in different accounts.
- Clearing member should ensure that as on record date no shares are lying in their account.
- Please note the form 15H, 15G, 10F and Self declaration forms for Residents and Non-Residents are available on the website of the Company at www.pitti.in. Kindly note that the aforementioned documents should be emailed to shares@pitti.in and in the prescribed format. If the Non-Resident declarations are not received in the prescribed format, Company reserves the right to reject the same. No communication on the tax determination / deduction shall be entertained after 18th August 2023.

Explanatory Statement under section 102 of the Companies Act, 2013

Item No. 4

The Board of Directors of the Company at the meeting held on 29th May 2023, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. S S Zanwar & Associates, Cost Accountants to conduct an audit of cost records maintained by the Company for the financial year ending 31st March 2024. In terms of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors needs ratification by the Members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are concerned or interested, financially or otherwise, in the resolution set out in Item No.4 of the notice.

The Board recommends the ordinary resolution set out at Item No.4 of the notice for approval by the Members.

By order of the Board
For Pitti Engineering Limited

Mary Monica Braganza
Company Secretary & Compliance Officer
FCS:5532

Place: Hyderabad
Date: 29th May 2023

Annexure-1

Details of Directors seeking appointment / re-appointment at the Annual General Meeting

| Name | Shri Sharad B Pitti |
|---|---|
| DIN | 00078716 |
| Age | 65 years |
| Date of first appointment on the Board | 17.09.1983 |
| Expertise in specific functional area | Industrial Management |
| Profile | Shri Sharad B Pitti is the promoter of the Company. He is a visionary and a pioneer for lamination manufacturing in the organised sector in India. He has played a pivotal role in the Company's growth and development. |
| Directorship held in other Companies as on date of AGM Notice | Pitti Rail and Engineering Components Limited (Unlisted) Pitti Castings Private Limited (Unlisted) Pitti Electrical Equipment Private Limited (Unlisted) Pitti Holdings Private Limited (Unlisted) Pitti Components Limited (Unlisted) Pitti Trade and Investment Private Limited (Unlisted) |
| Membership / Chairmanship of Committees of other Boards | NIL |
| Shareholding in the Company as on date of AGM Notice | 43,49,926 equity shares |
| Relationship with other Directors / Key Managerial Personnel | Father of Shri Akshay S Pitti. Not related to any other Director or Key Managerial Personnel |
| Listed Entities from which resigned in the past three years | Nil |



Pitti Engineering Limited

(Formerly Pitti Laminations Limited)

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